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USSR-CEMA TRADE

ECONOMIC DEVELOPMENT OF CEMA COUNTRIES SUMMARIZED

Moscow NOVOSTI DAILY REVIEW in English 29 Feb 80 pp 1-5

[Article by V. Andreyev and I. Melnikov: "Economic Development of CEMA Countries in 1979"]

[Text] Last year the member countries of the Council for Economic Mutual Assistance made yet another big stride forward in carrying out their programs of social and economic development for 1976-1980, having further expanded social production and raised the material and cultural standards of the working people.

National income growth is known to be a generalized indicator of economic advance. According to preliminary information from national Statistical Boards, the national income growth in 1979 (in percentage of 1974) was 26.9 percent in the People's Republic of Bulgaria, 17.2-17.8 in the Hungarian People's Republic, 17.6 in the German Democratic Republic, 21.2 (GNP) in the Republic of Cuba, 25.5 in the Mongolian People's Republic, 13.4 in the Polish People's Republic, 38.0 in the Socialist Republic of Romania, 16.2 (income used for consumption and accumulation) in the USSR, 15.9-16.1 in the Czechoslovak Socialist Republic. The national income of the Socialist Republic of Vietnam rose by 27 percent in 1976-1978.

Further headway was made in the development of industrial production.

The growth of industrial production was due, above all, to the rising productivity of labour. From 75 to 100 percent of the industrial output increment were obtained on this basis in the European CEMA member-countries.

Industrial restructuring was going on under respective plans in most of the countries concerned. The fastest rates of growth were in the industries essential to scientific and technological progress, above all, in machine-building, electrical engineering, chemical and petrochemical industries. In Bulgaria, for example, the output of the machine-building and metalworking industries went up by 7.9 percent during the year, with that of the fuel industry rising by 8.4 percent and that of the chemical

industry, by 8.9 percent. Hungary augmented the production of communications facilities, vacuum machinery and instruments by 6 to 8 percent, and that of the chemical industry, by 4.6 percent.

The annual output of the machine-building and metalworking industries increased by 8 percent in the Soviet Union, 6.6 percent in Czechoslovakia and 11.7 percent in Romania. Czechoslovakia expanded the production of metal-cutting machine-tools with digital program control by 22.3 percent and that of nuclear power plant equipment, by 95.9 percent.

A number of agreements and protocols on multilateral international specialization and cooperation of production were concluded by relevant agencies and organizations of the CEMA member-countries concerned in the machine-building field in 1979.

Measures to save material resources, raise the quality of products and apply scientific and technological achievements continued to be fulfilled.

The CEMA member-countries went on carrying out their vast capital construction programs. To ensure a well-balanced development of their economies, they stepped up their investment, above all, in the fuel and raw material producing sectors. Planning and economic management bodies were working to accelerate the modernization and reconstruction of operating enterprises.

In 1979 Bulgaria used 67.4 percent of its total capital investment in material production to modernize, reconstruct or enlarge its production capacities.

Some important industrial projects were put into operation in Hungary last year. The Deak Bauxite Mine started operating ahead of schedule. Oil refining got underway at the Tisza Refinery.

The German Democratic Republic used 60 percent of its total industrial investment to expand energy and raw material producing capacities. It had a fourth 440,000 kw generating set started up at the Bruno Leuschner Nuclear Power Station as well as some more lignite-mining capacities.

The Republic of Cuba put 67 major industrial projects into service, including those of the machine-building, building materials, textile and food industries as well as some power-generated capacities.

Poland increased the share of investment to modernize and reconstruct its operating enterprises. It had 30 major projects of national economic importance started up during the year.

More industrial capacities went into service in Romania, as a machine-tool making factory at Marghita and some factories in Bistrica to turn out hydropneumatic equipment, instruments and appliances.

The Soviet Union commissioned upwards of 200 new major industrial projects of national importance. It had invested some 20,000 million rubles in the retooling and reconstruction of operating enterprises.

Czechoslovakia started up a nuclear power station, a thermal power station in Bratislava, a thermal power plant in Detmarovic, a tube-rolling mill at the Sverma Works and some other industrial projects.

Agriculture continued to develop mostly by way of intensified production, above all, due to the rising productivity of labor against the background of a certain reduction of manpower and an expansion of industrialized methods in certain lines of production. The concentration and specialization were expanded, and so was the scale of application of progressive technologies.

The measures taken in the CEMA member-countries to reinforce the material and technical foundations of agriculture and to carry through a substantial amount of land improvement and irrigation work served to mitigate the consequences of adverse weather conditions during the year.

The average annual output of agricultural produce in the CEMA countries during the past 4 years of the current 5-year period exceeded that of the preceding 5 years.

Living standards grew thanks to the steady progress of production in the fraternal socialist countries. The real incomes of the population increased, as well as average monthly wages and salaries. Retail trade went up and housing conditions improved. Allowances and grants out of social consumption funds grew.

Thus, real per-capita incomes rose by 2 percent in Bulgaria, and 3 percent in the USSR. Average monthly wages and salaries increased by 4.8 percent in Romania; 2.8 percent (industry) in Czechoslovakia, and 2.2 percent in the USSR. The net money incomes of the population rose 2.8 percent in the GDR.

Steps were taken to raise pensions and develop further education, the medical service and recreation facilities. For instance, on 1 November 1979 Bulgaria increased pensions, student stipends and money allowances for children. In the GDR, the holidays of all working people were prolonged by three days. In Mongolia, in 1979 the state pension scheme was extended to the members of agricultural associations and their old-age pensions were increased by 50 percent. Pensions also grew in Hungary and Poland.

Retail trade continued to grow. Compared with 1978, it increased as follows: 1.7 percent in Hungary; 3.2 percent in the GDR; 5.5 percent in Mongolia; 8.3 percent in Poland; 5.8 percent in Romania; 4.2 percent in the USSR; and 3.6 percent in Czechoslovakia.

Housing construction was conducted apace. In the period under review 71,300 flats and houses were built in Bulgaria; 88,300 flats in Hungary; 162,700 flats (including modernized units) in the GDR; 2,000,000 flats in the Soviet Union; and 120,600 flats in Czechoslovakia. Considerable numbers of flats were built in Cuba, Mongolia, Poland and Romania.

Socialist emulation is an objective law of the development of socialist society. Millions of working people from the CEMA countries participate in the emulation drive. Over 100 million workers, more than 90 percent of the manpower employed in the national economy, take part in socialist emulation in the Soviet Union. From 80 to 90 percent of the working people participate in the socialist emulation drive in Bulgaria, the GDR, Cuba, Mongolia, Czechoslovakia and other fraternal countries.

In the past year a new big step was made to implement the course toward the fostering of socialist economic integration, shaped jointly by the communist and workers' parties of the CEMA countries. The 33d CEMA session endorsed long-term goal-oriented programs (LTGOPs) to satisfy the CEMA members' rational requirements in consumer manufactures and the development of transport links. The elaboration of all five LTGOPs was completed. To carry out a number of initiatives covered by the LTGOPs, in 1979 the countries concerned concluded several agreements, including a large-scale agreement on the cooperated manufacture of equipment for atomic power stations. Of decisive importance for long-term cooperation between the socialist states and the further progress of their coordinated efforts in all fields are the fruitful results of the traditional meetings and talks L.I. Brezhnev had in the Crimea last year with the leaders of other socialist states. The Crimean accords gave a new impetus to the coordination of efforts for the near and distant future.

In 1979 the USSR and Bulgaria signed a master-scheme for specialization and cooperation in production, covering a period up to 1990, and the USSR and the GDR signed a program of specialization and cooperation in production until 1990. The preparation of similar programs between the Soviet Union and a number of other CEMA countries is coming to an end.

Great importance is attached to the dovetailing of bilateral programs with the long-term goal oriented programs of collaboration, and also with the economic plans for the next 5 years, which are being coordinated by the CEMA countries at present.

Last year the CEMA countries completed the coordination of plans to develop the production of major chemical, cellulose-and-paper and microbiological products in the next 5 years. The countries concerned signed a general agreement on the specialized and cooperated production of power-consuming and less power-consuming chemical products, and a general agreement on the joint construction in the USSR of the Mosyr plant to produce feed yeast out of highly purified liquid oil paraffins.

The CEMA countries' foreign trade grew. Compared with 1978, it increased as follows: 11.4 percent in Bulgaria; 12 percent in the GDR, 12 percent in Mongolia; 8.9 percent in Poland; 19.1 percent in Romania; 14 percent in the USSR, and 10.8 percent in Czechoslovakia. In Hungary, exports went up by 13 percent and imports decreased by 3 percent.

Trade between the CEMA members accounts for the bulk of the foreign trade of most of the socialist countries concerned. Mutual deliveries meet the greater part of their import requirements in major fuels, crude products and materials, and also in machinery and equipment. Thus, in 1979 the share of mutual deliveries of machinery and equipment, bituminous coal, oil, iron ore, pig iron and rolled stock constituted from 61 to 92 percent of the total import of these goods. In trade between the CEMA members, the priority rates of growth were shown by machinery and equipment, and the share of specialist engineering products increased.

Achievements in the planned socioeconomic development of the CEMA countries and their all-round cooperation which grows in scope and depth vividly illustrate the great advantages of socialism.

CSO: 1825

USSR-CEMA TRADE

CEMA COOPERATION, INTEGRATION REVIEWED

Specific Projects Highlighted

Moscow KRASNAYA ZVEZDA in Russian 26 Jan 80 p 3

[Article by V. Ivanov: "On the Course of Creation and Cooperation"]

[Text] The 10 socialist states of Europe, Asia and Latin America, with a population of more than 430 million people, are now united by the Council for Mutual Economic Aid (CEMA); the successes of the countries of the [socialist] commonwealth in the building of the new society are inseparably linked with its activity. The achievements of the world's first economic organization of socialist states are appreciable and visible. The socialist commonwealth has become the most dynamic, stable and progressive economic force in the world. This was discussed at the 33rd CEMA Session that took place in the summer of 1979 in Moscow. The main political result of the cooperation, it was underscored at the session, was the fact that on an international scale there was an increase and consolidation in the interrelations based on the principles of equality and comradely interest in the successes of one another, in the planned management of the economy and the understanding of common goals.

Socialist economic integration has been turned into a characteristic feature of the life of the commonwealth, into a powerful and stable factor of the comprehensive progress of the fraternal countries. It suffices to say that the CEMA states now turn out a volume of industrial production which is 2.1 times as high as that of the members of the Common Market and 1.5 times as high as that of the United States.

The effectiveness of the cooperation of the socialist countries was, to a decisive degree, predetermined by the principles which lay at its basis. These are, above all, internationalism, complete equality, respect for national interests, mutual advantage in comradely mutual aid. The practical realization of these noble principles has created a kind of magnetic field which has attracted other countries.

One of the most effective forms of interaction of fraternal states has turned out to be the conclusion and implementation of bilateral agreements. Defining the essence of the program of specialization and cooperation on such a basis, comrade L. I. Brezhnev noted: "Everywhere where this is possible and useful we pool our resources and production capacities in order to achieve a more successful solution of the most complex problems of economic development."

These words of the leader of our party and state were addressed to the workers of the German Democratic Republic. Specialization and cooperation, as one of the effective channels of economic collaboration, are visible especially clearly and prominently in the example of the GDR and the Soviet Union.

The whole world knows the giant of the chemical industry--the Leuna Chemical Combine imeni Val'tera Ul'brikhta [Walter Ulbricht]. Here more than 400 designations of different products are turned out, amounting to more than M 4 billion annually. This is equivalent to about 11 percent of the production of the entire chemical industry of the GDR. The basic raw material--oil and gas--the combine receives from the USSR. Within the framework of socialist economic integration and bilateral cooperation, Leuna maintains close relations with many chemical enterprises and scientific institutions of the Soviet Union.

An obvious example of such cooperation would be the creation of a new technology for the manufacture of high-pressure polyethylene, which was developed during a compressed time span by a joint collective of specialists of the scientific production association "Polimir" and the Leuna Combine on the basis of a government agreement between the USSR and the GDR. This highly-effective technology, which has received the designation of "Polimir", has acquired worldwide fame. Its inventors were honored with the State Prize of the USSR in the sphere of science and technology. The first industrial installation of that type is operating successfully in the production association in Novopolotsk, its plan capacity being significantly surpassed. The installation of a second plant was completed not long ago in the Leuna Combine with the assistance of the USSR. Its German service personnel received basic theoretical and practical training in Novopolotsk.

Our cooperation was given a new powerful impulse by the program of specialization and cooperation in production between the USSR and the GDR to 1990, which was signed in Berlin on 5 October 1979 in the course of an official visit of friendship in the GDR by a Soviet party and government delegation headed by General Secretary of the CPSU Central Committee, Chairman of the Presidium of the USSR Supreme Soviet L. I. Brezhnev. This most important document signifies a new important stage in the further deepening of the economic cooperation of the two fraternal countries.

In 1979 the Soviet Union and the People's Republic of Bulgaria signed a General Plan for the specialization and cooperation in the sphere of material production to 1990. This document is called upon to provide maximum encouragement to the perfection of the structure of the national economy, the more rational utilization of resources, the further development of key sectors of the economy. It applies in the most direct way especially to capital construction. As Bulgarian newspapers note, intergovernmental agreements between the USSR and the People's Republic of Bulgaria encompass more than 300 projects, of which approximately 200 have already been put into operation.

All basic construction projects in Bulgaria are in one degree or another linked to measures in regard to the specialization and cooperation in production within the framework of CEMA. Many of them will supply products for the USSR and other socialist countries. But they are erected, as a rule, with their technical assistance. Moreover, in full conformity with the general plan for cooperation signed recently, Soviet equipment and materials are sent precisely to the basic sectors of the national economy: 40 percent of their total volume go for energy needs, 24 percent--for the development of chemistry, petrochemistry and cellulose and paper industry, 21 percent--for ferrous and nonferrous metallurgy.

Dozens of enterprises in Hungary were built with the assistance of Soviet specialists, equipped with machinery manufactured in the USSR and other fraternal countries. Cooperation with the USSR made it possible for the Hungarian People's Republic to create a number of new industries and, in particular, to set going the production of ball-bearings and complex electronic instruments, to put housing construction on an industrial basis.

On a bilateral basis, the first nuclear power station is being erected in Hungary in Paksh, on the shore of the Danube. The nuclear power station is being equipped with the technical assistance of the Soviet Union. Already at the beginning of the coming five-year-plan it will begin to develop electric current. Energetics is an important sphere of our ties. On the Hungarian Pussta, the picturesque steppe celebrated by the poets, the silvery masts of the LEP-750 (Electric Power Transmission Line) have risen, linking within the framework of the Complex Program of Socialist Economic Integration the Hungarian town Al'bertirsha with the Soviet Vinnitsa. Underground oil and gas arteries cut through the border of the two countries: the deliveries of this fuel and raw material from the USSR are very important for the national economy of the republic.

Soviet-Hungarian cooperation in the economy has reached a large scale. There is dynamic growth in commodity exchange, production cooperation is growing. If at the beginning of the 1960s 2 intergovernmental agreements on cooperation were concluded between our countries, now the number of such longterm agreements, calculated for 10-15 years, has grown to 25. During the current year the fraternal countries have acknowledged the necessity of the perfection of joint planning activity, the development of cooperation and specialization in production. The importance of the most

rapid completion of the development of a longterm program of specialization and cooperation in production between the most important sectors of the economy of the USSR and the Hungarian People's Republic for the period to 1990 has been underscored.

Approximately 200 bilateral agreements on specialization and cooperation in production have been concluded between the USSR and the Czechoslovak Soviet Socialist Republic. Comradely mutual aid in the development of nuclear energy is one of the facets of economic cooperation of the two socialist countries. The Skoda Combine in Plzen (Pilsen) can, without exaggeration, be called the plant of plants. The Soviet Union has become the largest foreign buyer of its production. By the end of 1980 Czechoslovak machine builders plan to manufacture 3 nuclear reactors.

One could cite many examples characterizing the progressive development of bilateral relations between the USSR and Poland, between the USSR and Rumania. Such cooperation, built on the principles of equality, mutual advantage, comradely mutual aid, both on a bilateral basis and within the framework of the Council of Mutual Economic Assistance, brings the countries tangible advantage, serves the interests of the peoples of the entire socialist commonwealth.

The fraternal interaction on a bilateral basis in all spheres of life has become a reliable accelerator of progress in the countries of the socialist world.

At present the fraternal parties which are guiding socialist and communist construction are intensively and comprehensively analyzing the needs and peculiarities of the decade that has begun. The course has been set to turn the following two five-year-plans into a period of intensive production and scientific-technical cooperation. It goes without saying that such cooperation must be a mutually advantageous affair. Every country has its interests, peculiarities, traditions, and objective economic possibilities. The vitality and strength of the socialist commonwealth consists precisely in the fact that, within its framework, national and international interests can be rationally and harmoniously combined.

Various CEMA Members

Moscow EKONOMICHESKAYA GAZETA in Russian No 3, Jan 80 pp 20-21

[Article under the heading: "The Assured Step of Countries" by V. Kartsev, O. Volotov, V. Lazarev, and T. Shumskaya]

[Text] In the fraternal countries the economic construction of the last year is being summed up. The limits of the year 1980--the concluding year of the current five-year-plans--are being outlined. Below are published short reports about this on the basis of the first national publications.

Bulgaria

Great successes were attained in the past year by the workers of the People's Republic of Bulgaria. As was noted at the session of the National Assembly of the Bulgarian People's Republic, the national income produced in 1979 increased by 7.2 percent in comparison with 1978, and national labor productivity--by 6 percent. Almost the entire growth of the national income was secured by virtue of the increase in labor productivity.

During the past year the volume of industrial production in the People's Republic of Bulgaria increased by 6.6 percent. The highest rates of development occurred in the sectors which determine technological progress. For example, the production of the chemical industry increased by 9 percent for the year, machine building--by 7.8 percent. The volume of agricultural production increased by 7 percent. Capital investments in the national economy of the People's Republic of Bulgaria amounted to approximately 6 billion lev.

Dynamic development is taking place in foreign economic relations, the participation of the People's Republic of Bulgaria in socialist economic integration is expanding. The adoption, in September 1979, of the General Plan for the specialization and cooperation in the sphere of material production between the USSR and the People's Republic of Bulgaria to 1990 was a new important step in the further development of foreign economic relations of the country. In 1979 the foreign trade turnover of Bulgaria increased by more than 10 percent in comparison with 1978.

During the past year the real per capita income of the population increased by 2.1 percent. A total of 71,300 apartments were built.

At the session of the National Assembly of the People's Republic of Bulgaria, a law on the socio-economic development of Bulgaria for the years 1980-1981 was adopted. In accordance with it, it is envisaged to increase the national income in 1980 by 5.7 percent, and in 1981--by 5.5 percent, industrial production by 6.3 and 6.1 percent respectively, the production of agriculture--by 3.7 and 3.1 percent. Real per capita income of the population will increase by 3 percent in 1980, and by 3.1 percent in 1981.

Hungary

The workers of the Hungarian People's Republic celebrated the year 1979 with new achievements. According to preliminary data, as was noted at the December Plenum of the Central Committee of the Hungarian Socialist Workers' Party, the national income of the country during the past year increased by approximately 1-1.5 percent. Industrial production increased by 2.5-3 percent, with labor productivity increasing at a higher rate than the volume of production. The volume of construction and assembly work increased by 2 percent.

The basic indicators of the production of agricultural produce, as was noted at the Plenum of the Central Committee of the Hungarian Socialist Workers' Party, were maintained at the 1978 level. To a considerable extent this is explained by unfavorable weather conditions.

Capital investments were carried out in accordance with the plan outlines. The number of people employed in industry and in construction decreased slightly, but increased in transportation and trade, for the economy as a whole it remained practically unchanged.

During the past year, the consumption of the population increased by 2 percent. A total of 90,000 apartments, day nurseries and kindergartens were built in 26,000 localities, new hospital facilities were opened with 1,800 beds.

There was an expansion in the cooperation of Hungary with CEMA member countries and, above all, with the Soviet Union. Thus, export to the socialist countries increased by approximately 7-8 percent, import by 2 percent. There was an increase in export to the non-socialist countries.

In 1980 the Central Committee of the Hungarian Socialist Workers' Party regards the necessity of securing the further improvement of the foreign trade turnover balance, as well as the consolidation of the high standard of living of the population that has been attained, as the most important goal of the development of the national economy. The plan for 1980 calls for securing the growth of national income by 3-3.3 percent, industrial production--by 3.5-4 percent, agricultural production--by 3-3.5 percent, consumption of the population--by 1-1.5 percent.

At the present time there is a constantly broader development of socialist competition in honor of the coming 12th Congress of the Hungarian Socialist Workers' Party and the 35th Anniversary of the Liberation of Hungary from Fascism.

GDR (German Democratic Republic)

During the past year a new giant step has been taken in socialist construction in the GDR. In 1979 the national income produced, according to preliminary calculations, surpassed the level of the preceding year by more than 3 percent. In industry the basic part of the growth attained was obtained by virtue of an increase in the productivity of labor. Machine building, the electronics, electrotechnical and chemical industries developed at rates ahead of schedule.

Fixed capital in the national economy of the republic increased by approximately 4.5 percent in comparison with 1978. Dozens of new industrial projects were put into operation.

In agriculture the quotas with respect to state purchases of meat, milk and eggs, the harvesting of potatoes and corn have been successfully met. However, as was noted at the Plenum of the Central Committee of the Socialist Unity Party of Germany (December 1979), the country did not succeed in securing fully the fulfillment of the tasks in regard to the production of grain, oil-producing crops and sugar beets.

The cash incomes and real wages of the workers increased by more than 5 percent. A total of 164,000 apartments were built and modernized.

In 1979 the volume of foreign trade of the country, according to preliminary data, surpassed the level of the preceding year by 6 percent. More than 70 percent of the commodity turnover of the republic is destined for the socialist countries.

A new important contribution to the further development and intensification of the economic cooperation of the republic with other CEMA member countries was the signing, in October 1979, of the Program for the Specialization and Cooperation in Production between the USSR and the GDR to 1990.

In conformity with the plan for the development of the national economy of the GDR for 1980 adopted by the People's Chamber of the GDR, national income will increase by 4.8 percent, industrial production--by 4.7 percent, labor productivity in industry--by 4.5 percent. In 1980 the cash income of the workers will increase by 4 percent. In 1980 the workers of the GDR will receive 116,000 new apartments, approximately 47,000 apartments will be modernized.

Czechoslovakia

The main socio-economic tasks advanced by the 15th Congress of the Czechoslovak Communist Party for the 6th Five-Year-Plan of the Czechoslovak Socialist Republic (1976-1980), as was noted at the Plenum of the Central Committee of the Czechoslovak Communist Party in December 1979, are basically being carried out.

According to preliminary data, the volume of national income of the Czechoslovak Socialist Republic in 1979 reached 486 billion korunas--which was 72 billion korunas, or 17 percent, greater than in 1975, the last year of the 5th Five-Year-Plan. By comparison with 1975, the volume of industrial production increased by 21 percent, construction by 24 percent. Regardless of two years with bad weather conditions, agricultural production also increased during the four years of the current five-year-plan. Its average annual volume amounted to approximately 80 billion korunas, which is 7.6 percent times as large as the corresponding indicator of the past five-year plan.

The total money income of the population during the four years of the 6th Five-Year-Plan increased by 18 percent, the average monthly wage of workers and employees--by 12.2 percent, personal consumption--by 8.5 percent. A total of 523,000 new apartments were built.

The state plan for the economic and social development of the Czechoslovak Socialist Republic in 1980 has been worked out with regard to the creation of the necessary prerequisites for successful work in the next, the 7th Five-Year-Plan.

The national income of the Czechoslovak Socialist Republic in 1980 will increase by 3.7 percent. This growth will be secured to the extent of 9/10 by virtue of the increase in the national labor productivity, which will increase by 3.2 percent.

Industrial production is planned to increase by 4 percent, agricultural production--by 7.2 percent.

The growth of real income of the population will amount to 2.2 percent. For the construction of new apartments and the maintenance of existing housing, 14.3 billion korunas, or 0.4 billion more than last year, have been allocated in the budget for 1980.

In Czechoslovakia, it was noted at the Plenum of the Central Committee of the Czechoslovak Communist Party, even more intensive work will be done in regard to securing the realization of longterm purposeful programs of cooperation of the CEMA member countries.

Scientific-Technical Problems

Moscow EKONOMICHESKAYA GAZETA in Russian No 3, 1980 p 21

[Article by G. Dzhabadov, Doctor of Economic Sciences, and S. Sementsov, Economist: "Cooperation in the Solution of Scientific-Technical Problems"]

[Text] The intensification and development of scientific-technical cooperation of the CEMA member countries in many respects is connected with the perfection of the development and realization of multilateral scientific-technical programs. A large step in this direction was the adoption of the Coordinated Plan of Multilateral Integration Measures for 1976-1980, within the framework of which a special section was allotted to scientific-technical problems that have an especially important significance for the development of the economy of countries in longterm cooperation.

In the Communiqué on the 23rd Session of CEMA it is noted: "The expansion of the scale and the intensification of the content of the cooperation of CEMA member countries requires the further perfection of the mechanism, form and methods of the activity of the Council of Mutual Economic Aid".

In order to perfect the forms and methods of scientific-technical cooperation, specialists of the CEMA member countries conduct research on the study of the progressive experience of each other, its utilization both in the interest of individual countries and for the improvement of the interaction of national organs of administration of scientific-technical development with organs of CEMA.

The agreements on scientific-technical cooperation with regard to individual problems now being realized encompass for the time being only the beginning stages of the cycle "research--production"--from the conduct of basic and applied research to the creation of tested models of machines and equipment. The tasks of the agreements which now constitute the scientific-technical section of the first Coordinated Plan are insufficiently coordinated with the tasks of the other sections of this plan. The development of a system of programs of scientific-technical cooperation of the CEMA countries is regarded as necessary for the orientation of joint research on the achievement of the concrete and most important goals of the development of the national economy, the securing of continuity in the cycle "research-production", the closer coordination of the scientific-technical and production tasks of the plan, and on the whole for the more rapid and fuller utilization of the achievements of science and technology in the national economy.

The decree of the CPSU Central Committee and the USSR Council of Ministers "On the Improvement of Planning and the Strengthening of the Influence of the Economic Mechanism on the Increase of Production Efficiency and Work Quality", adopted on 12 June 1979, defined the basic requirements of the national scientific-technical programs of the USSR in the following way: "In the interest of the thorough consideration of the achievements of science and technology in the plans of economic and social development. . . to develop and present to the State Planning Commission (GOSPLAN) of the USSR programs for the solution of the most important scientific and technical problems of the comprehensive utilization of natural resources, taking into account the application of the results of basic and applied research and to envisage in them ultimate goals, technical and economic results, terms and stages of the realization of operations--from scientific research to practical realization, including the organization of serial production of new products and the introduction of progressive technology."

It appears that there is much in these words that could be adopted also in the approach to programs of scientific-technical cooperation of the CEMA countries.

At the present time one can distinguish the most important directions of the perfection of the practice of the development and realization of such programs.

One of them is the determination of the range of problems with regard to which the elaboration of programs of scientific-technical cooperation is required.

In this direction work has already been done and is being done by experts of the CEMA countries. Last year they developed general criteria for the selection of problems for their inclusion in the scientific-technical section of the Coordinated Plan of Multilateral Integration Measures for 1981-1985. Moreover, it is envisaged that, in the first place, problems are included in the plan whose solution is necessary for the realization of the five longterm special purpose programs of cooperation that have been adopted. According to the criteria that have been developed, every program must guarantee cooperation, beginning with scientific research and ending with the preparation of serial exploitation of their results, promote the development of specialization and cooperation, and improve the structure of foreign commodity turnover.

Another direction of the perfection of the scientific-technical cooperation of the CEMA countries on the basis of the special purpose-program method is the securing of a closer coordination of the tasks of the program with the plan indicators, above all with the indicators of the national economic plans.

The Reserves of Administration

As the experience of the realization of agreements concluded at the present time with regard to scientific-technical cooperation has shown, the first and foremost condition for the realization of all tasks of the program within the planned time limits must be: the inclusion of these tasks in the Coordinated Plan of Multilateral Integration Measures. In so doing, it becomes possible to coordinate the tasks with regard to the implementation of scientific research and experimental design work (NIOKR) with the tasks in regard to the industrial assimilation of their results, the putting into operation of additional production capacities. The absence of such coordination shows up in the time periods required for the introduction of the scientific and technical results that have been obtained in the national economies of the interested countries.

In the CEMA countries the important successes are well-known which have been achieved in the process of the realization of the agreement on scientific-technical cooperation with regard to the problem: "The Development of Scientific Bases and the Elaboration of New Technological Processes of Welding, Hard Facing and Thermal Cutting of Various Materials and Alloys to Obtain Welded Constructions and to Create Effective Welded Materials and Equipment" (problem "Welding"). The agreement was concluded in 1972. Since that time new powder wires for the welding of low carbon and low alloy steel have been jointly developed. The economic effect of the application of the new wires in the Plant imeni Goleva and the Combine imeni Lenina in the People's Republic of Bulgaria alone, according to calculations of Bulgarian economists, must amount to 3 million lev a year. The introduction of similar powder wires in the Hungarian Dunayvashmyu Plant can produce an annual effect of 10 million forints.

Tested models of the welding semi-automat "Intermignag" for 315 and 200 amperes have been created, whose unified joints were developed by specialists of the People's Republic of Bulgaria, the GDR and the USSR, with the participation of organizations of the Polish People's Republic and the Czechoslovak Socialist Republic.

The successes attained in the sphere of welding, no doubt, would be by far more considerable if the subjects of the agreement, the concrete results envisaged, would have been combined in a program of cooperation and included in the Coordinated Plan. In so doing, it would be possible to coordinate more closely the tasks relating to the production of welding equipment and materials with the results of research and designs carried out within the framework of the program of cooperation, which would be conducive to their being introduced much more rapidly in the national economy of interested countries.

The basic advantage of the special-purpose-program method of solving scientific-technical problems lies in the concentration of efforts on the solution of the most important tasks, in the securing of through-planning within the framework of the cycle "research--production". The realization of these advantages is possible only under the condition of the purposeful guarantee of the tasks of the program by all types of resources: labor, material, financial.

In various organizations of the Council of Mutual Economic Assistance there has been a simultaneous discussion of the question of the creation of a single financial fund within the framework of the program. The necessity of the creation of such a fund flows from the essence of the program of cooperation as a complex of measures directed toward the achievement of a single goal. It must be noted that in various countries of the CEMA experience has already been accumulated with regard to the realization of centralized financing of complex scientific-technical programs.

One of the variants of the creation of such a fund might involve the separate establishment, in every country participating in the program, of a national coordinating organization which would undertake the financing of all work projects envisaged by the program of cooperation in its country. In so doing, the use of credits from the International Bank for Economic Cooperation and the International Investment Bank is possible.

Science and Integration

For the joint solution of problems allotted in accordance with the plan for the coordination of scientific and technical research in 1976-1980, which is being carried out by the CEMA countries and which is of mutual interest, joint research is being done on a number of subjects, including the subject: "Administration and the Organization of Scientific and Technical Research and the Introduction of Its Results". The head organization on this sub-

ject from the USSR is the Center for Problems of Administration of Moscow State University imeni M. V. Lomonosova. Soviet specialists prepared methods instructions--"Considerations Concerning Principles and Methods for the Development and Realization of Joint Complex Scientific-Technical Programs". The developed material was discussed and approved by a scientific and coordinating meeting of specialists on the subject from the CEMA countries in Prague in March 1979 and recommended for practical verification in the various socialist countries. On the instructions of the USSR State Committee for Science and Technology, this document was sent for experimental use in the Institute for Electro-Welding imeni E. O. Patona of the USSR Academy of Sciences, within the framework of which a coordinating center for the problem of "welding" is functioning.

The methods instructions that have been developed have a practical orientation. Its goal is to perfect the practice of special purpose-program administration, to impart great effectiveness to the interaction of CEMA organs and the national organs of the countries in the process of the development and realization of programs of scientific-technical cooperation.

Naturally, the use of the special purpose-program method can be successful only if in so doing the experience of all the socialist countries is utilized.

Scientific Projects

Moscow NEDELYA in Russian No 5, 28 Jan-3 Feb 80 p 11

[Article by B. Rodionov: "CEMA in Action: Born by Integration"]

[Text] . . . Young skillful hands (the average age in this Krakow enterprise is 27 years) assemble "peripherals" for electronic computers (EVM). "These computing systems are destined for the GDR," they explained to us. And this is how the system of an external memory on flexible magnetic disks will look which will go to the USSR for the mini-computer "Elektro-nika-60". . .

The development and introduction of a Unified System of Computers for the CEMA Countries "Ryad" have become one of the most significant achievements of our cooperation of the 1970s. At the present time, the development of "Ryad-2" is being completed: seven new models of electronic computers, dozens of peripheral systems. Along with a general increase in the effectiveness of the national economy of the fraternal countries, the "Ryad" program also had broad social consequences: it called into being modern highly-qualified factories, changed the appearance of many enterprises and even entire industrial centers. This can be observed in Poland, as well as in Hungary, as well as in Bulgaria. . .

The CEMA countries have entered the 1980s with a coordinated conception of integrated cooperation for the entire decade ahead. This conception is contained in 5 DTaPS--longterm special purpose programs of cooperation, adopted at sessions of the Council of Mutual Economic Assistance. In conformity with them, after the signing of appropriate general agreements, iron ore enterprises will be jointly built on the territory of the USSR and there will be joint development of the virgin lands of the Gobi in the Mongolian People's Republic, there will be comprehensive development of the production of sugar and citrus fruit on the plantations in Cuba and there will be cooperation in the output of some important types of machines.

International cooperation in the sphere of energetics is exceptionally graphic. Thirty-seven million kilowatts--that is the total capacity of the nuclear power stations that will be installed in the 1980s in interested CEMA countries with the technical assistance of the Soviet Union. This capacity is almost 6 Sayano-Shushenskiye Hydroelectric Power Stations. Important, however, are not only the millions of electric "horses", but the economy of 70 million tons of conventional fuel a year. This "conventional fuel", you know, would undoubtedly have to be prospected, extracted and transported.

It is gratifying that integration in nuclear energetics, as well as in computer technology, has opened up the possibility of organizing highly-effective specialized factories, construction subdivisions in the participating countries. Thus, having been in Plzen at the famous "Skoda" plants, it was pleasant to see with what care an order for the Hungarian nuclear power station "Paksh" was filled here, and Krakow--to convey to the representatives of the construction firm "Budostal" the best testimonials about the work of its welders and fitters from the Hungarians on the Danube "Nord" in the GDR, "Kozloduy" in Bulgaria, "Yaslovske Bogunitse" in Czechoslovakia, "Paksh" in Hungary. . . These are, as it were, members of one family, stations of the Novovoronezh type, but along with the technical assistance of the Soviet Union, multilateral cooperation acquires an even greater weight in their construction and equipment.

It goes without saying that the fraternal countries cooperate not only in order to fence themselves off tightly from the entire remaining world and all the more so not in order to "invent the bicycle". They also use Western licenses, as, for example, in the production of computer technology, and Western equipment, and sell their products not only on each other's markets. But they are categorically opposed to any attempts to use economic relations for political pressure. As was emphasized in the Communiqué of the 93rd session of the executive committee of CEMA, which took place on 15-17 January in Moscow, such attempts by the imperialists in relation to the socialist countries are doomed to failure.

We do not overestimate the successes that have been attained. We openly acknowledge the fact that the mechanism of integrated cooperation still

needs both refinement and correction. Very likely, it is precisely in the sphere of economics that the combination of national and international interests presents the greatest difficulty. But in spite of the croaking of Western propaganda, problems that arise are constructively and successfully solved. Socialist economic integration has become a powerful and stable factor of the comprehensive progress of our commonwealth, an inalienable feature of our entire life.

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USSR-CEMA TRADE

OVERALL ECONOMIC DEVELOPMENT, NATIONAL INCOME, ECONOMIC ASSOCIATIONS

CEMA National Economies

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian
No 1, 1980 pp 22-23

[Article by the Division of Statistics of the CEMA Secretariat: "Development of the National Economies of the CEMA Countries in 1978"]

[Text] The "Statistical Year Book of the CEMA Countries" for 1979 has been published. It contains a vast amount of material on the development of all sectors of the economies of the CEMA countries in 1978.

From the facts and figures given the following basic conclusion may be drawn: the economic potential of the CEMA countries has increased. In the first three years of the current five-year plan their economies have developed at a high, stable rate.

In the capitalist countries during the same period of time production growth has slowed down, the level of use of production capacities has dropped, investment activity has been weak, and inflation and unemployment have grown.

Public well-being and the material and nonmaterial standard of living of the people in the socialist countries are rising steadily. This also contrasts with the situation of the working people in several leading capitalist countries.

Economic and scientific-technical cooperation among the fraternal countries has grown broader and deeper. Mutual trade exchange and economic ties among them have developed vigorously at the same time as trade with the capitalist and developing countries has grown.

According to figures in the yearbook, the population of the CEMA countries in 1978 reached 433.9 million. This was a 14.5 percent increase over 1977, resulting from natural growth and the entry of Vietnam

into CEMA. The largest population gains were observed in Mongolia, Poland, Cuba, Romania, the USSR, and Czechoslovakia. The birth rate rose in most of the countries. The improvement in material well-being, development of housing construction, and a whole series of other socio-economic measures brought about a continued rise in average longevity.

The social structure was characterized by a continued increase in the proportion of workers and employees. As a result of the ongoing process of urbanization, the proportion of the urban population in the CEMA countries as a whole passed 57 percent. This index is highest in East Germany, Czechoslovakia, and the USSR.

In the formation of national income the socialist sector accounts for 100 percent in the USSR, 99.9 percent in Bulgaria and Mongolia, 99.6 percent in Czechoslovakia, 98.1 percent in Hungary, 96.4 percent in East Germany, 95.4 percent in Romania, and 83.0 percent in Poland. In production of industrial output the figure is 100 percent for the USSR, Czechoslovakia, Cuba, and Mongolia and ranges from 97.8 to 99.8 percent in the other countries. In retail trade this index was 100 percent, with the exceptions of East Germany (88.0 percent), Hungary (99.3 percent), and Poland (98.8 percent).

The rate of national economic development of the CEMA countries demonstrates the decisive advantages of the socialist system and the high efficiency of fraternal cooperation.

In the first three years of the five-year plan the countries of the socialist community made remarkable progress in the development of public production. This finds expression in high, stable growth rates of this production. Compared to 1970, 1978 national income rose 74 percent in Bulgaria, 59 percent in Hungary, 47 percent in East Germany, 61 percent in Mongolia, 84 percent in Poland, 220 percent in Romania, 53 percent in the Soviet Union, and 48 percent in Czechoslovakia. The rise in the productivity of public labor was the principal factor in this.

As in previous years, the largest part of the growth in national income was achieved by increasing industrial production. In 1960 industry accounted for more than half of national income in just three CEMA countries, East Germany, the USSR, and Czechoslovakia. In 1978 Bulgaria, Poland, and Romania also passed this point. The share of agriculture and the lumber industry decreased accordingly.

Dynamic industrial development was observed in all the CEMA countries in 1978. Compared to 1977 gross industrial output rose 6.9 percent in Bulgaria, 5.2 percent in Hungary, 4.7 percent in East Germany, 9.2 percent in Cuba, 6.8 percent in Mongolia, 4.8 percent in Poland, 9.0 percent in Romania, 4.8 percent in the USSR, and 5.0 percent in Czechoslovakia. These successes are inseparably linked to growth in the volume of capital investment directed to technical re-equipping,

construction of new enterprises, reconstruction and expansion of existing enterprises, and refinement of industrial processes on the basis of scientific-technical advances. As a result the economic might of each particular country and of the socialist community as a whole increased. The position of the socialist community in the world economy grew even stronger.

Significant changes took place in the sectorial structure of industry. Machine building, radio electronics, chemistry, and petrochemistry, in other words the sectors that promote greater efficiency in the entire economy, developed at faster rates.

The leading industrial power among the CEMA countries is the Soviet Union. It accounts for more than half of the total volume of industrial output of the socialist community, more than 90 percent in some cases. The other industrially developed socialist countries are East Germany, Poland, and Czechoslovakia.

Intensification of production continued in the CEMA countries in 1978. As a result of improving labor organization and making more technical equipment available, labor productivity in industry compared to 1970 rose 67 percent in Bulgaria, 61 percent in Hungary, 49 percent in East Germany, 47 percent in Mongolia, 73 percent in Poland, 72 percent in Romania, 49 percent in the USSR, and 34 percent in Czechoslovakia.

An extensive program of capital construction is underway in all of these countries. In the period 1976-1978 new capacities were launched to produce electricity, mine coal, refine oil, produce steel, cement, mineral fertilizers, and the like.

Despite unfavorable weather conditions, agricultural workers of the CEMA countries achieved good results in 1978. The gross output compared to 1977 rose 17 percent in Mongolia, eight percent in Cuba, five percent in Bulgaria and Poland, three percent in the USSR and Czechoslovakia, and two percent in East Germany and Hungary. Compared with 1970, the figure rose 63 percent in Romania, 37 percent in Hungary, 31 percent in Cuba, 24 percent in Czechoslovakia, 23 percent in Poland, 22 percent in Mongolia, 20 percent in Bulgaria, 18 percent in East Germany, and 17 percent in the USSR. Animal husbandry developed better than crop farming, which led to a certain increase in the proportion of the former in the structure of gross output from the sector. In Mongolia, for example, it constituted 79.5 percent of agricultural output, in East Germany 61.5 percent, in Czechoslovakia 54.5 percent, and in the USSR 53.7 percent.

The number of head of cattle increased in 1978 in all the fraternal countries. The number of hogs rose at an even higher rate. The highest indexes of meat production per capita were achieved in Mongolia (155 kilograms and Hungary 143 kilograms). Highest per capita figures for

milk production were 488 kilograms in Poland and 442 kilograms in East Germany. The leaders in egg production were Hungary (444 eggs per capita) and East Germany (311). Hungary produced the highest amount of grain and legumes per capita (1,266 kilograms), while Poland was the leader for potatoes (1,331 kilograms), Bulgaria led for vegetables (200 kilograms), and the top figures for fruit production per capita were achieved in Bulgaria (230 kilograms) and Hungary (204 kilograms).

The CEMA countries devoted considerable attention to further mechanization and chemicalization, strengthening the material-technical base of the sector, and improving organization of labor. In 1978 farmers in the CEMA countries received more than 477,000 tractors, 124,000 grain-harvesting combines, and more than 29 million tons of mineral fertilizers (converted to nutrients). The largest amount of such fertilizer per hectare was applied in East Germany (266 kilograms), Czechoslovakia (254), and Hungary (230 kilograms per hectare). A great deal of work was done on irrigation and watering. All this made it possible to significantly mitigate the effect of unfavorable weather conditions and increase the yield from crop farming.

The continuous growth of physical production and further expansion and deepening of economic, scientific-technical, and cultural cooperation within the CEMA framework led to significant development of all types of transportation in 1978. The percentage of railroads that are electrified rose. Despite the steady increase in productivity of railroad transportation, its share of all transportation is dropping in most of the CEMA countries. Nonetheless, in Hungary, Mongolia, the USSR, and Czechoslovakia railroads accounted for roughly two-thirds of all shipping in 1978.

The length of air routes and trunk petroleum and gas pipelines increased.

Statistical data on the development of the domestic and foreign trade of the CEMA countries occupy a significant place in the yearbook.

There was considerable growth in retail trade in 1978 in all of the countries. These indexes were highest in Hungary, Poland, Romania, and Czechoslovakia. A very marked tendency was observed toward an increase in the proportion of industrial goods in the structure of retail trade. The sale of durable goods (refrigerators, televisions, washing and sewing machines, radios, cameras, and clocks) is expanding especially fast.

Further deepening and refinement of cooperation and the development of socialist economic integration promoted an intensification of the foreign trade of the CEMA countries. The expansion of production and scientific-technical ties among the CEMA countries and their joining efforts to build a number of large industrial projects played a special

role in this, causing a relatively fast annual rise in the volume of foreign trade of the fraternal countries, exceeding the corresponding indexes for national income and industrial production.

The mutual foreign trade of the countries of the socialist community increased 12.6 percent in 1978 over 1977. In the Soviet Union, for example, it exceeded 39 billion rubles, while the figure was 14 billion in East Germany, 11 billion in Czechoslovakia, and close to 12 billion rubles in Poland. The volume of foreign trade in 1978 compared to 1970 had increased three times in Bulgaria and Hungary, 2.5 times in East Germany, three times in Cuba, 2.6 times in Mongolia, 3.3 times in Poland, 3.4 times in Romania, 3.2 times in the USSR, and 2.4 times in Czechoslovakia.

The share of CEMA countries in the total volume of mutual foreign trade in 1978 was 96.8 percent in Mongolia, 78.9 percent in Cuba, 78.4 percent in Bulgaria, 78.8 percent in East Germany, 68.5 percent in Czechoslovakia, 55.7 percent in the USSR, 54.7 percent in Poland, 52.1 percent in Hungary, and 39.7 percent in Romania.

The material contained in the yearbook illustrates that progressive changes have taken place in the structure of import and export of the CEMA countries. The proportion of machinery, equipment, and chemicals has risen steadily. The countries cover most of their import requirements for machinery, fuel, and raw materials with mutual deliveries. This has promoted a rise in the efficiency of their foreign trade relations and made it possible to accomplish increasingly complex tasks in the field of economic building and to carry out major socioeconomic measures.

Progress in the development of public production has created the prerequisites for fuller satisfaction of personal needs. Real incomes of urban and rural workers have increased. In 1978 average monthly earnings compared to 1977 were up four percent in Bulgaria, 8.1 percent in Hungary, six percent in Poland, 10.6 percent in Romania, and three percent in the USSR and Czechoslovakia. In addition to this, a number of steps were taken to increase the monetary income of the population. Additional pension benefits were instituted for cooperative peasants, and supplements to stipends for students and vocational-technical schools were established. The average amount of pensions was increased, and outright grants paid on the birth of a child were introduced, among other measures.

Substantial attention was devoted to housing construction as well. In 1978 67,800 apartments were turned over for use in Bulgaria, 88,200 in Hungary, 168,000 in East Germany, 16,800 in Cuba, 4,800 in Mongolia, 292,000 in Poland, 167,000 in Romania, 2,080,000 in the USSR, and 129,000 in Czechoslovakia.

The CEMA countries built many hospitals, polyclinics, sanatoriums, and rest homes. The USSR is the leader for number of doctors per 10,000 population, followed by Czechoslovakia, Bulgaria, and Hungary. In connection with the increasing employment of women the construction of preschool institutions is expanding everywhere. The best conditions for working women in this sense are found in East Germany, Hungary, Bulgaria, Czechoslovakia, the USSR, and Romania.

Interesting changes have taken place in the structure of consumption of food products. The consumption of products of animal origin: meat, milk, milk products, and eggs, has increased.

The number of workers in the nonproduction sphere rose at a high rate. In Mongolia, the USSR, and Czechoslovakia employees of this sphere accounted for about 20 percent of persons employed in the national economy in 1978. Equal attention was devoted to the development of public education, public health, and culture and to building up their physical facilities.

The network of general educational schools, factory-plant and craft schools, secondary specialized schools, and higher educational institutions expanded. The number of skilled workers rose at an accelerated rate, in particular workers with secondary and higher education.

The construction of libraries and other cultural-educational establishments increased rapidly. Many more books and pamphlets were published than in 1977. The total number of books and pamphlets published in the USSR reached 1.8 billion, while in Poland it was 144 million, in East Germany 143 million, in Hungary 105 million, in Romania 97.3 million, and in Czechoslovakia 83.1 million. Newspaper and magazine publications grow each year. With the development of technology the number of television subscribers in most of the CEMA countries is growing significantly, as is true throughout the world. In 1978 this figure, compared to 1977, rose 2.1 percent in Bulgaria, three percent in Hungary, 1.6 percent in East Germany, 11.4 percent in Mongolia, 4.2 percent in Poland, 7.8 percent in Romania, 4.1 percent in the USSR, and 3.7 percent in Czechoslovakia.

The information contained in the yearbook shows that 1978 was a year of continued economic growth for the CEMA countries. The progress made by them in social and economic development is a result of the heroic labor of the peoples of all the countries, who are closely united around the fraternal communist and worker parties, as well as a result of the development and furthering of comprehensive mutual cooperation and assistance.

Income, Cost Indexes

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 1, 1980 pp 96-100

[Article by Ivan Ryshov, head of the division of statistics of the CEMA Secretariat, and Yuriy Ivanov, group leader in the U. N. statistical bureau: "The Methods of International Comparisons of National Income and Other Important Value Indexes"]

[Text] The expansion of foreign economic ties, growing integration processes in the world economy, and vigorous activity by international organizations, above all economic organizations, demand an ever-growing amount of internationally comparable information on the economies of particular countries, their relative levels of development, share of regional and world production and consumption of output, levels of labor productivity, and the like.

The economic competition among countries belonging to different social systems also necessitates comparable statistical information.

In the Concluding Act of the Meeting on Security and Cooperation in Europe the importance of developing contacts in the field of national income statistics to improve the international comparability of data is emphasized.

A great deal of work in this and related areas has been done in the last 10-15 years by international organizations such as CEMA, the United Nations, the U. N. European Economic Commission, the U. N. Economic Commission for Latin America, and the European Economic Community.

Within CEMA comparisons of national income and other important cost indexes have been made with data for 1959, 1966, and 1973. Preparations are now underway for the next international comparison, for 1978. The data from these comparisons are used to analyze levels of economic growth, for comparative study of the structure of economy and key national economic proportions, for combined forecasting of the rise of different sectors, and finally for analysis of the process of gradual convergence and evening out of levels of economic development.

The United Nations has also organized several stages of comparison of the gross national product of particular countries. At the present time preparations for the fourth stage are being completed. The objective of this stage is to obtain comparable data for 60 countries, including four socialist countries (Hungary, Poland, Romania, and Yugoslavia). The United Nations uses these data to analyze relative levels of economic development, determine actual ratios among the currencies of different countries, and to establish the amounts of payments to the U. N. budget.

This work was done within the European Economic Community for 1970 and 1975. The data obtained are used to solve problems related to integration of the economies of the members of the European Economic Community.

The techniques employed in different international organizations to reduce data to comparable indexes have both common features and distinctive characteristics. There are a number of reasons for this: the specific features of the problem for which comparisons are undertaken; which aspects are given greatest attention; the distinctive characteristics of national statistics in the particular countries participating in the calculations; the resources available to organizers of the studies, and so on.

It is common knowledge that the CEMA countries today produce about 25 percent of national product in the world. To determine this it was necessary to reduce indexes of national income to comparable form (because different countries use different methodology for computing it) and also to convert all indexes to a single common, comparable currency.

As experience demonstrates, a comparison of indexes of national income presents a two-sided problem: comparability of the content and composition of the indexes, and converting them to a comparable currency.

The first problem is solved by having all participating countries use standardized definitions which unambiguously establish the content of the indexes for these countries.

CEMA uses standardized principles of compiling the national economic balance for this purpose, while the United Nations uses a standardized methodology for compiling a system of national accounts.

In the national economic balances of the CEMA countries the methodology for computing the key synthetic indexes such as consumption, savings, primary personal income, and primary enterprise income, is based on the principles of the Marxist-Leninist theory of expanded reproduction. It begins from the idea that value is created only in the sphere of material production and its source is labor.

Therefore, if the need arises for a comparison of the indexes of economic development of the socialist and capitalist countries, they must be reduced to comparable form by introducing a system of corrections to the appropriate indexes. We are referring primarily to gross national product, which is used in the capitalist countries. It covers the value of material goods and nonmaterial services reaching the ultimate consumers. By contrast, national income, which is calculated in the socialist countries by the national economic balance technique, includes only the value of material goods produced (with the exception of those that go to replace material production costs).

Another important difference between gross national product and national income is that gross national product is determined on a "gross basis," that is, before the consumption of fixed capital is subtracted; national income is calculated on a "net basis," which means after depreciation has been subtracted.

For this reason, the principal corrections that must be made in data on gross national product to convert them according to the national income methodology adopted in the CEMA countries consist in the following:

1. The surplus value in sectors engaged in rendering nonmaterial services is removed from gross national products;
2. The value of nonmaterial services consumed by enterprises in the sphere of material production is added to gross national product;
3. Depreciation of fixed capital operating in the sphere of material production is subtracted from gross national product.

If the conversion of gross national product is based on figures on its actual use for consumption and savings, different corrections will be required.

Converting the indexes of the country to a common currency is much more complicated. This is because the official exchange rates or analogous currency factors are designed primarily to facilitate foreign trade and currency transactions. Therefore, they cannot provide a conversion of national income with the degree of accuracy necessary for international comparisons of synthetic economic indexes.

The degree to which official exchange rates differ from the actual ratios of their purchasing power may be judged by data obtained from an international comparison of gross national product for 1970 made at the United Nations (see Table 1 below).

As can be seen from the table, the differences between calculations by the official exchange rate and the actual ratios of the purchasing power of the currencies vary widely, reaching 25-40 percent for certain countries. In view of this, the problem of converting indexes to a comparable currency is solved by using the technique of representative commodities. The essential features of this method are as follows:

1. The indexes being compared are broken down into a certain number of similar commodity groups, for example bread items, meat, clothing, particular types of machinery and equipment, and the like;

Table 1 (in percentage, United States = 100)

Country	Ratio in Levels of Gross National Product per Capita	
	According to Official Rate of Exchange	On Basis of Study of Actual Price Ratios
France	60.4	74.5
West Germany	64.2	73.6
Italy	36.4	47.8
Japan	41.7	61.0
Great Britain	49.6	62.5

2. For each commodity group a definite number of representative commodities and prices are selected; these commodities should be identical or at least similar in technical-economic characteristics;
3. Efforts are made to reduce figures on prices to a comparable form for the analogous representative commodity;
4. Within each commodity group indexes are calculated to characterize the ratios among the prices of particular countries, and then these indexes are averaged;
5. The figures obtained in this way are used for column-by-column conversion of indexes to a comparable currency.

Let us consider this with a concrete example. To convert the cost of home appliances produced in the USSR and Bulgaria to a comparable currency, several types of washing machines with prices are selected. The corresponding data are given in Table 2 below.

The figures given in the third column are averaged according to the formula of the geometric mean. These are the figures that are used to convert data on the price of domestic appliances produced in the USSR and Bulgaria.

This is a general description of the methodology for converting data to a comparable currency. It is recommended for use to convert the prices of different (in this case two) countries, which in the opinion of many specialists in the field of international comparisons, makes

Table 2.

Name of Representative Commodity	Prices in National Currency		Ratio of Prices (USSR = 1)
	USSR	Bulgaria	
Aurika-70 Washing Machine	42.5	50.0	1.16
Riga-8 Washing Machine	78.0	100.0	1.23
YeP-64-T Washing Machine	71.0	90.0	1.27
Teenta Small Centrifuge for Drying Linen	110.0	170.0	1.54

it possible to avoid the one-sided, subjective approach in calculations. The results of calculations using the prices of partner countries and one's own prices are averaged for this purpose.

It should be noted that the use of the representative commodity technique is generally universal in all international organizations, particularly with respect to direct paired comparisons. But here again there are distinctive features and differences. They involve, in particular, ways of reducing data on prices for similar representative commodities that differ by particular characteristics to a comparable form.

In CEMA, for example, price correction coefficients that make it possible to reduce the data to a comparable form are established. These coefficients reflect differences in the most important technical-economic parameters of the commodities, those which affect the prices. In some cases it is not particularly difficult to establish such corrections. For example, if prices are being compared for ore containing three and six percent iron, it is clear that to reduce them to a comparable form a correction coefficient of 0.5 must be introduced. In other cases the situation is more complicated and the coefficient is determined by expert estimate of relative differences in the quality of goods.

In the United Nations the relationship between the price of a commodity and its technical-economic parameters is determined by means of an equation called a regression equation. Substituting data on the parameters of a new variation of the commodity into the equations, a price proportional to its characteristics is computed. This method makes it possible to establish price indexes for articles which differ by parameters. It is used extensively for automobiles, television sets, washing machines, refrigerators, and the like.

It should be observed that the regression equation technique is quite complex. It presupposes a quantitative estimation of several characteristics which do not have numerical expressions (for example the comfort of automobiles) and its use is justified only where there are different modifications of the same commodity.

In the European Economic Community the representative commodity technique is close to that used at the United Nations.

Another feature of the use of this method at the United Nations is that the set of commodities is standardized for all pairs of countries, whereas in CEMA it differs considerably from one pair to another.

The approach used in CEMA allows greater consideration of special characteristics of the structure of production in the countries being compared and thus makes it possible to obtain more precise results for each particular pair of countries. Thus, the U. N. approach aims at attaining the best matching of results with calculations within the framework of a multilateral comparison whereas the approach at CEMA is oriented to insuring greater accuracy of calculations in direct bilateral comparisons.

CEMA, the U.N., and the EEC also differ by size of groups and number of representative commodities. In CEMA, for example, the number of commodities in the consumption fund in calculations for 1973 was 213, while for particular countries it ranged from 700 to 1,300. In the calculations of the United Nations for 1970 the corresponding figures were 113 and 300-900.

The more detailed assortment of conversion groups in CEMA unquestionably improves the accuracy of comparisons. This is true, in the first place, because of the greater homogeneity of the commodity group and, in the second place, because the probability of possible distortions in price indexes for particular groups is much lower. At the same time, the selection of a larger number of representative commodities involves additional costs.

The most interesting characteristics and differences in the methodologies of particular international organizations concern multilateral comparisons which aim at obtaining matched results for groups of countries.

The point is that when the procedure for bilateral comparisons described above is used for all possible pairs of countries it is possible that they will not be precisely matched. Naturally, this makes the analysis of data more complicated. For example, it may turn out that the indexes of country A are greater than those of country B, while B surpasses C, C surpasses D, but country D's indexes are better than those of A. This contradiction may occur, for one reason, because

the prices used to match the indexes of the different countries will change each time. Therefore, it is essential to use techniques of multilateral calculation which insure agreement of results for all pairs of countries.

The approach used in CEMA to achieve this involves making the comparison according to the scheme "USSR - country - USSR partner." This means that the indexes of all CEMA members are converted to USSR prices and USSR indexes are put in the prices of the particular countries. The two indexes obtained on this basis for each pair of countries are averaged. This insures an unambiguous result from the calculations.

It should be kept in mind that the choice of the USSR as the base country is not accidental. The structure of production here is broader than in any other CEMA country, and this makes it easier to select and match representative commodities.

The other possible technique of multilateral comparison is to estimate all indexes in average international prices, as is done at the United Nations. These average international prices are determined by solving a system of linear equations.

The solution makes it possible to determine at one time both the average international prices and the coefficients for converting national currencies to a single standard currency.

The advantage of the average international price technique, which is known as the Geary-Camis technique (in honor of the Irish and Lebanese statisticians who proposed it) is that it provides an unambiguous result immediately. The indexes obtained from it are matched within the framework of a multilateral comparison and do not depend on the selection of a base country.

Critics of the Geary-Camis method note that the average prices determined by such a method tend to be close to the indexes of the large countries, for example the United States. Therefore, the calculation of indexes in this case produces ratios that are close to those that could be obtained using the prices of the particular countries as co-measures.

To avoid this the Italian statistician Gerardi proposed calculating average international prices for comparisons within the framework of the European Economic Community according to a technique which does not take account of differences among the countries in total volume of production. The indexes obtained on the basis of this method insure coordination of the results of multilateral comparison formally and do not depend on the selection of a base country. All countries exert an equal influence on average prices. Analysis shows,

however, that the flaw in the Gerardi method is that the prices obtained on this basis have no definite economic content. Significant difficulties arise with their interpretation from the standpoint of economic meaning.

Various other methods for multilateral comparisons are also known, the EKSh method, the Walsh method, the Van Izeren method, and others. But they have not been recognized in practice. The calculations made on their basis at the United Nations are experimental and illustrative. Therefore, it is not useful to consider them in this article.

We should also mention differences with respect to the number and character of the indexes compared in different international organizations. As already observed above, primary attention at the United Nations and European Economic Community is devoted to comparing gross national product and its principal components: private consumption, savings, and the expenditures of administrative bodies. In CEMA, in addition to comparison of national income (used), calculations involve the consumption fund, the savings fund, capital investment, and industrial and agricultural output.

At the present time experimental comparisons of a number of new indexes are being prepared. Among them are national income produced, productivity of public labor, total personal consumption, and final industrial output. A comparison of these indexes will make it possible to expand and deepen comparative analysis of the economies of different countries and take a step toward studying the factors that cause differences in levels of economic development.

International comparisons of the levels of industrial production, labor productivity in industry, and consumption have already been made within the European Economic Commission of the United Nations. They have been done for 3-4 countries.

Thus, an analysis of the techniques of international comparison shows that they are complex. The efforts of different specialists, economists, political economists, international statisticians, and mathematicians, must be combined to solve them. Exchange of experience and cooperation among international organizations making the corresponding calculations are also essential. This cooperation will be in accord with the principles of the Concluding Act of the Meeting on Security and Cooperation in Europe.

International Economic Associations

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian
No 1, 1980 pp 100-103

[Article by Natal'ya Lopukhova, scientific associate at the International Institute of Economic Problems of the World Socialist System: "International Economic Organizations"]

[Text] Among the organizational forms of economic cooperation among CEMA countries under conditions of intensive development of integrated economic ties, international economic and scientific-technical organizations, of which there are roughly 50 today, play an important part. Most of them, about 30, are multilateral organizations.

The international economic ["ekonomicheskkiye"] organizations of the CEMA countries are subdivided into primary types depending on the nature of their activities and their legal status. These are interstate economic ["ekonomicheskkiye"] organizations and international economic ["khozyaystvennyye"] organizations. The tasks of the interstate economic organizations, as pointed out in the Comprehensive Program, involve coordination of the cooperative efforts of participating countries and collaboration in certain sectors of the economy, science and technology, and particular sectors and subsectors of production. The other type, international economic organizations, are formed for joint (including economic) activities by national economic organizations in the fields of scientific research, planning and design, production, services, and foreign trade. Depending on their functions and methods of organization international economic organizations may take the form of combines ["ob'yedineniy"], associations ["tovarishchestva"], joint enterprises, and the like.

In recent times a new form of combined organization known as the international economic association ["mezhdunarodnoye khozyaystvennoye tovarishchestvo" or MKhT] has appeared in the system of economic and scientific-technical cooperation among CEMA countries. These associations generally perform functions similar to those of combines. However, the fundamental difference is that the MKhT does not have the rights of a legal person and usually when it is established there is no need to set up an international executive apparatus, which minimizes expenditures in its formation and activities. The MKhT is managed jointly by the participants. Whereas a special international administrative apparatus is formed to manage the affairs and operational concerns of an international combine, the affairs of the association are handled by one of the members assigned by the others. Because the MKhT is not a legal person, unlike other combined organizations of the CEMA countries, it cannot, of course, assume obligations in its own name and under its own responsibility and joint financing for association activities is usually not envisioned. Each

participant in the association pays its own expenditures for business trips by specialists and organizing meetings and conferences in its own country.

Some of the multilateral organizations of the CEMA countries that operate today in the form of MKHT's are the Interstalalpribor Science-Production Combine (since 1972), the International Organization for Cooperation in the Field of Large-Capacity High-Voltage Testing Laboratories (known as Interelektrotest, since 1973), the International Service for Repair of Oil Refining Equipment (since 1976), the International Economic Association Intervodoochistka (since 1977), the International Economic Association for Cooperation in the Field of Small Petroleum Products, Additives, and Catalysts (known as Internefteprodukt, since 1978), and the International Economic Navigation Enterprise (known as Interlikhter, since 1978).

The activities of MKHT's involve solving problems facing particular economic sectors. For example, the MKHT Intervodoochistka [International Water Decontamination] was brought about as follows. The development of cooperation among CEMA members in the area of water management is very important because the problem of rational use of water resources and protecting them against contamination is a part of the larger problem of environmental protection. This challenge goes beyond national boundaries and demands solution on a broad international basis. That is why it is the focus of attention for all countries and many international organizations. Protection and conservation of the environment, including water resources, is very important in the activities of CEMA. The Comprehensive Program of Socialist Economic Integration envisions a number of joint steps by CEMA members to solve this problem. Formation of the Intervodoochistka Association was one practical step toward solving the problem. The members of the association are economic organizations and enterprises of Bulgaria, Hungary, East Germany, Poland, Romania, the USSR, and Czechoslovakia. The association is expected to vigorously promote broader and deeper cooperation among these countries on concrete questions of scientific research, planning-design, and production activity to build, introduce, and operate equipment, devices, and installations to decontaminate wastewater and prepare water for domestic and industrial use.

The Intervodoochistka Association plans to work out balances of the needs of participating countries for particular types of industrial equipment to install at plants for decontamination of wastewater and preparation of water for industrial and domestic consumption. They intend to organize scientific research, planning-design, and production activity on this basis making fullest possible use of the potential of international specialization and cooperation in this field. The members of the Intervodoochistka Association are working out a scheme of long-range cooperation in the development of

production of equipment to decontaminate waste water and prepare it for industrial and domestic use taking account of world technological advances. This development will be embodied and legally fixed in appropriate multilateral and bilateral agreements and treaties, including one on international specialization and cooperation of production and one concerned with mutual deliveries of water decontamination and water preservation equipment. Drafts of these documents will be prepared with participation by Association members themselves on the basis of the concrete plans and programs of its activity adopted by the representative managing body of the Association, its Council.

The participants in Intervodoochiatka preserve full property and organizational independence. Because the Association is not a legal person, it operates on principles of joint control by all participants and management of its affairs by one of the participants assigned by the others. In Intervodoochiatka the everyday affairs are managed by a Bulgarian economic organization, the Committee for Heavy Industrial Machine Building. It performs the functions of a working administrative apparatus for the Association with its own personnel and at its own expense. Meanwhile the other participants, at their own discretion and with the consent of the Bulgarians, may send their specialists to the working apparatus of the Association, at their own expense, to participate in studying and developing materials and questions subject to consideration and coordination within the framework of the Association's activities.

The Intervodoochiatka Association itself does not assume any obligations. They are assumed by the participant that manages the affairs of the Association, that is, the Bulgarian organization. It is natural, therefore, that the agreement on formation of the Association envisioned joint and several liability of all participants with subsequent settling of accounts among them in conformity with a special mutual understanding.

The managing body of the Association (the Council) consists of representatives of participants of the Association from all the participating countries, but the representatives of a participant from one country have just one vote in the Council. Sessions of the Council have full powers if representatives of all participating countries in the Association that have the right to vote in the Council are present. This guarantees that the activities of the Council, and therefore also the Association as a whole, are democratic and equal. This is also indicated by the opportunity for appropriate bodies and organizations of other countries, including non-CEMA members, to join the Association. It is important to note that the agreement on formation of the Association envisioned that the decisions of the Council will be carried out by the conclusion of appropriate multilateral and bilateral agreements among the participants and other national organizations.

The Council of the Association forms special working groups to carry on operational cooperation, including the development of specific proposals and draft plans. Any interested participant of the Association may assign its specialists to these groups. The jobs and work procedure of the special groups are determined by the interested parties of the Association by mutual consent; in other words, here too consistently democratic principles are fully embodied.

The activities of the Intervodoochistka Association are carried on in close contact with the corresponding agencies of CEMA, the Conference of Managers of Water Management Organizations of the CEMA countries and the CEMA Secretariat. On the basis of the agreement forming the Intervodoochistka Association it reviews the materials and documents of CEMA bodies relating to the activities of the Association and sends them periodic information on its work.

The Intervodoochistka Association began practical activities in 1978. At the first session of the Council in February 1978 organizational and other questions related to the beginning of practical activities by the Association were decided. D. Nanov, the representative of Bulgaria, was elected chairman of the Council for the first two-year period (until 1980). Following the agreement on formation of the Association, proper Bulgarian agencies set up the Administrative directorate of the Association in Bulgaria to manage its affairs. The Council outlined a program of work which envisioned study and development of problems related to international specialization and cooperation in the production of equipment and apparatus to decontaminate waste water and to prepare water for domestic and industrial use.

The promise of the MKhT as a form of cooperation is confirmed by its continuing practical use in other sectors. In June 1978 at the initiative of the CEMA Standing Commission on the Oil and Gas Industry and taking account of the experience gained in forming and operating the Intervodoochistka Association, an MKhT for cooperation in the area of small petroleum products, additives, and catalysts was formed under the name Internefteprodukt (International Petroleum Products). The participants in it were economic organizations from the interested CEMA countries, Bulgaria, Hungary, Poland, the USSR, and Czechoslovakia. East Germany recently joined the agreement on formation of Internefteprodukt and the appropriate East German organizations are now cooperating within the framework of this Association. The Republic of Cuba is now considering the question of possible participation in the Association by Cuban economic organizations. Romania has also expressed a desire for the establishment of business ties between the Association and Romanian economic organizations.

The objective of the Internefteprodukt Association is to promote complete satisfaction of the needs of participating countries for small

oil products, additives, and catalysts by every means. To do this Internefteprodukt assists in the development of coordinated production-technical and economic cooperation by participants in this field. Specifically, it organizes scientific research and planning-design projects which they carry out and coordinates production and service activities, promoting expansion of deliveries of corresponding products to participating and other countries. In the field of scientific-technical studies of small oil products, additives, and catalysts the Association coordinates its work with activities carried on within the framework of the agreements of participating countries on scientific-technical cooperation in this field. The Association in its work takes account of the materials of the corresponding CEMA agencies (in particular the CEMA Standing Commission on the Oil and Gas Industry) relevant to its activities. It provides them periodic information on its activities at the request of CEMA bodies or on its own initiative.

The legal nature and character of the activities of Internefteprodukt are predetermined by its status as an international economic association. Above all, and like Intervodoochistka, it is not a legal person and operates on principles of joint control by all participants and management of its affairs by one of the participants assigned by the others. This participant is the Bulgarian economic organization Bitova Khimiya in Sofia. The members of the Internefteprodukt Association are appropriate economic organizations in the participating countries. The legal status of participants of the Association is not affected by their membership. They keep their property and organizational independence in full.

Unlike Intervodoochistka, Internefteprodukt has a joint (international) working apparatus to carry out the jobs assigned to it. This apparatus is the Bureau, which is set up with the participant of the Association that manages its affairs, in other words in Bulgaria. The structure and staff of this apparatus are determined by the managing body of the Association, the Council, which consists of representatives of all participants. The participants of the Association from each country share equally in expenditures to maintain the joint working apparatus. The personnel of the administrative apparatus are recruited from citizens of these countries. The apparatus is headed by a director who is appointed by the Association Council on the nomination of the Bulgarian participant Bitova Khimiya.

The Bureau organizes work to carry out decisions of the Council and monitors progress in accomplishing them. It takes part in preparation of draft agreements on practical cooperation within the framework of the Association and carries on economic, statistical, and analytic work related to the activities of the Association. In the performance of its functions, with the agreement of the appropriate participants, the Bureau can make direct investigations in the local area of the situation with production of small oil products and research,

development, production, and delivery of equipment being carried on within the framework of the Association. This authority gives the administration of the Association an opportunity to take initiative and exercise influence in its activities and to have a constructive effect on the course of cooperation. This opportunity is reinforced by the right of the director of the Bureau to enter into contacts with agencies and organizations of participating countries, other countries, and with international organizations. The director of the Bureau has the right to request necessary information and materials on Association activities from participants in the Association. He may call conferences of experts from the participating countries to prepare data related to the work of the Association.

The first session of the Council of the Internefteprodukt Association was held in Varna, Bulgaria in September 1978. The Council adopted a plan of work for 1978-1979. The plan envisioned coordination of the activities of participants in the Association in the development, production, and mutual supply of small oil products — special oils, lubricants, fuel and oil additives that improve their quality, and catalysts for oil refining. Organizational issues related to the initiation of activities by the Internefteprodukt Association were decided at the session of the Council. D. Minchev, representative to the Association from the Bulgarian participant, was elected chairman of the Council for the first two-year term (1978-1980). Bulgarian I. Zakhariyev was named director of the Bureau of the Association. The Council ratified the structure and staff schedule of the Association Bureau, the Statute on the Bureau, and its budget for 1978-1979. It also adopted procedural rules for its own work. As a guideline the Council adopted the document approved by the 32nd Session of CEMA entitled "Basic Directions of Further Development of the Organization of Multilateral Cooperation Among CEMA Countries and Council Activities," in the part referring to the work of international economic organizations of the CEMA countries with relevance to the work of the Internefteprodukt Association. They intended above all to concentrate the efforts of the Association on solving the problems of production cooperation, devoting special attention to specialization and collaboration in production. Operating within the framework of its own founding documents, Internefteprodukt will structure its work in close coordination with activities carried on within the framework of the CEMA Standing Commission on the Oil and Gas Industry, avoiding all parallelism and duplication of work.

The formation and activities of international economic associations supplement and enrich the institutional mechanism of socialist economic integration, thereby helping solve timely problems of economic cooperation among CEMA countries in concrete spheres of the economy, science, and technology with greater flexibility and diversity, taking account of specific conditions and capabilities.

The continued development of activities by international economic organizations, including associations, requires solving a number of general problems of cooperation (currency, prices, and others), establishing essential conditions for the organizations to expand their activities, and deciding several methodological and organizational questions. The adoption of the document "Basic Directions of Further Development of the Organization of Multilateral Cooperation Among CEMA Countries and Council Activities" at the 32nd Session of CEMA will promote improvements in the activities of international economic organizations. This document emphasizes the necessity for these organizations to work together with CEMA agencies to prepare and carry out the measures envisioned by the Comprehensive Program and the long-term target programs of cooperation.

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USSR-CEMA TRADE

CEMA FINANCIAL, ORGANIZATIONAL ISSUES VIEWED

Pricing Arrangements

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYE OTNOSHENIYA in Russian No 9, Sep 79 pp 93-101

[Article by K. Fehi (Hungary): "Certain Problems in Setting Prices in CEMA Reciprocal Trade"]

[Text] In the early 1970's, there was an explosion of world prices resulting from numerous economic and foreign-economic factors. The rise in the level and sharp change in the proportions of world prices have a substantial impact on the entire economy, including the capitalist countries, and on the trade of the socialist states. Central to this price phenomenon have been prices for energy sources, foremost petroleum. The movement of oil prices has caused significant political and economic displacements, has definitely influenced the regrouping of revenues between producers and consumers in the world capitalist market, and has aggravated inflationary processes in the world capitalist system.

At the same time, these processes have also been reflected in the trade of the socialist countries which actively participate in world trade. The planned nature of development of the socialist economy has enabled the fraternal nations to adapt gradually to the new cost relationships without particular difficulties for their economies. Therefore, a comparative analysis of these processes in trade in the capitalist and socialist states is of both theoretical and practical interest.

Petrodollar Circulation. Net imports of OPEC petroleum were 25.06 million barrels per day in 1973 and 25.74 million barrels in 1977, that is, consumption had stabilized. The main reason was a significant reduction in specific consumption of energy as compared with the preceding period. The cost of OPEC exports increased 23 percent from 1974 through 1977, but the cost of their imports rose 162 percent. During this period, all the developed states except for the US significantly improved their balance of trade with the OPEC countries. But in spite of this, surplus petrodollars developed in the amount of 162 billion dollars, which were reinvested in the developed states, that is, there was a so-called "recycling" of monetary resources.

Table 1. Oil Prices (Arab light oil: AB Ra's at Tannurah, Persian Gulf)

	1971	1972	1973	1974	1975	1976	1977
dollars/barrel	\$ 2.21	\$ 2.48	\$ 3.30	\$11.58	\$10.72	\$11.51	\$12.66

OECD countries pay higher prices for oil, but OPEC states increase their imports. They invest the surpluses which develop in OECD states, which can import them again. That is how petrodollars circulate. It is very hard to determine OPEC income from such currency reserves circulation. According to some estimates in financial circles of the West, it is 10-15 billion dollars.

Table 2. Use of Surplus Petrodollars (in billions)

	1974	1975	1976	1977
Great Britain				
state bonds	0.9	0.4	0.2	--
treasury notes	2.7	- 0.9	- 1.2	- 0.2
investments in pounds sterling	2.4	0.5	- 0.9	0.7
investments in other currencies	13.8	4.1	5.6	3.4
other ¹	1.2	0.2	0.8	0.2
total	21.0	4.3	4.5	4.1
percent of total amount	36.8	12.2	12.6	12.1
United States of America				
state bonds	0.2	2.0	4.2	4.3
treasury notes	5.3	0.4	- 1.0	- 0.8
bank deposits	4.0	0.6	1.6	0.4
other ¹	2.1	6.5	7.2	5.3
total	11.6	9.5	12.0	9.2
percent of total amount	20.4	27.0	33.5	27.2
other countries				
bank deposits	9.0	5.0	7.0	8.5
other ¹	11.9	12.4	10.3	11.7
total	20.9	17.4	17.3	20.2
percent of total amount	36.7	49.4	48.3	59.8
international organizations	3.5	4.0	2.0	0.3
total	57.0	35.2	35.8	33.8
including:				
investments through banking and financial channels	38.2	12.1	16.5	16.0
percent of total amount	64.1	35.4	46.1	47.4
investments for production and other purposes	18.8	23.1	19.3	17.8
percent of total amount	35.9	64.6	53.9	52.6

1. "Other" is understood to be production and other purposes as, for example, stock purchases, direct investment and development funds.

Source: PROBLÈMES ÉCONOMIQUES, 8 November 1978, p 4.

It is clear from Table 2 that Great Britain's share has decreased significantly, foremost at the expense of the US, while these two countries' proportion as a whole has been relatively stable. After the first year of "recycling," the proportion of other countries (the FRG, Japan, Switzerland, France) increased substantially and comprises approximately half of all OPEC investments abroad. After 1974, the production use of petroleum-extracting country currency reserves accounted for more than half the total. This has been associated first of all with the fact that, given inflation, the investment of funds in production ensures higher real revenues.

Based on the facts presented, conclusions can be drawn as to the economic consequences of higher oil prices and the "recycling" of petroleum-extracting country currency resources.¹ First, the real imports of these countries have increased: in 1974, according to GATT data, they were 36.9 billion dollars, in 1975 -- 57.9 billion, in 1976 -- 65.3 billion, and in 1977 -- 82 billion. The proportion of petroleum exporting countries in world trade has increased sharply and, as a result, so has their importance in the world economy and in world politics.

Table 3. Petroleum-Producer Country Share of World Trade (in percent)

	1973	1974	1975	1976	1977
of world exports	7.3	14.5	12.7	13.5	13.1
of world imports	3.6	4.4	6.6	6.6	7.3

During this four-year period, the petroleum-extracting countries obtained approximately 10-15 billion dollars in income in the form of interest, dividends and so on from currency funds invested abroad through various channels. This ensured that they would preserve a real level of currency reserves under inflationary conditions. Approximately half the currency funds of the petroleum-extracting countries are being directed into the currency sphere and half into the production sphere. Investment in this sphere ensures the more secure retention of the real value of their currency reserves.

Comparatively few funds -- almost five billion dollars during the 1975-1977 period -- are being directed into financing economic development projects in the other developing countries (24 African, 15 Arab and 14 Asian). They have been invested primarily in creating infrastructure and developing industry, foremost the extraction of petroleum and other raw-material commodities. Only insignificant amounts are being used to meet agricultural needs in these countries. Thus, there is a "recycling" of petrodollars within the international currency system of capitalism.

1. We are focusing our attention exclusively on questions of currency funds circulation and will therefore not touch on such problems as, for example, the extent to which OPEC nations can absorb their growing imports, if the economic strategy chosen for developing individual countries (Iran, for example) is correct, or what the socioeconomic consequences of a sharply rising influx of currency funds will be for the domestic development of these countries.

Price Formation in the CEMA Market. As we know, the principle of price formation within the CEMA framework is regulated by a resolution by the 9th CEMA Session, in accordance with which the initial base for contract prices is world prices stripped of the influence of market and other noneconomic factors and remaining unchanged over a set period of time. The explosion of world market prices required the immediate solution of a number of problems, in particular, the setting of contract prices. The recommendations adopted in 1975 by a meeting of the CEMA Executive Committee for 1976-1980 anticipate the use of a "sliding" base for setting prices and the possibility of yearly adjustments. In this connection, contract prices are gradually approaching the new levels and proportions of world prices while retaining their relative independence.

Let's analyze in detail the foreign trade ties between the USSR, a petroleum exporter, and other CEMA nations which import it: Bulgaria, Hungary, the GDR, Poland and Czechoslovakia, during the 1974-1977 period.¹ Deliveries of petroleum and petroleum products from the USSR to these countries were 55.2 million tons in 1973 and 68.4 million tons in 1976, an increase of 27 percent; for the entire 1974-1977 period, total deliveries of Soviet petroleum exceeded nine billion rubles. Their value in 1973 prices would be 4.1 billion rubles.² The price difference between the cost of petroleum at current prices and at 1973 prices, and consequently the total profit of these countries by purchasing petroleum and petroleum products in the USSR at prices below world prices was about five billion rubles during the indicated period.

Speaking of the economic consequences and lessons of monetary-transfer circulation in the socialist market, we should emphasize the following. As a consequence of change in price levels and proportions, in addition to a growing active trade balance, the volume of real USSR imports from Bulgaria, Hungary, the GDR, Poland and the Czechoslovak Socialist Republic has increased (see Table 4).

Table 4. Dynamics of Export-Import Volumes Between the USSR and Hungary, Bulgaria, the GDR, Poland and Czechoslovakia (constant 1973 prices)

	1974	1975	1976	1977
USSR exports	104.5	107.5	101.5	110.0
USSR imports	103.4	111.2	105.6	115.5

 Calculated from "Vneshnyaya torgovlya SSSR" [USSR Foreign Trade] for corresponding years.

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1. Initial data taken from the statistical reference "Vneshnyaya torgovlya SSSR" [USSR Foreign Trade] for corresponding years.
 2. Calculated based on "Vneshnyaya torgovlya SSSR" for corresponding years.

Due to the universal change in prices, the trade balance is kept partially balanced by the mutual raising of prices. In this connection, we need to examine the dynamics of world and contract prices for the basic commodity groups (see Table 5).

Table 5. World and USSR Contract Price Indexes for the Main Commodity Groups (1970 = 100)

	1974	1975	1976	1977
fuel, raw materials and metals				
world prices	243	247	258	263
contract prices	119	175	177	185
agricultural goods and processed food				
world prices	216	201	203	229
contract prices	111	135	148	150
machinery and equipment				
world prices	128	141	148	155
contract prices	116	127	145	151

Calculated from "Vneshnyaya torgovlya SSSR" for corresponding years; VOPROSY EKONOMIKI, No 8, 1978, p 103.

Based on these indexes, we can trace the dynamics of contract prices with consideration of the trade-turnover structure among the partners. To calculate an overall contract price index, the structure of USSR trade turnover with the socialist countries was used as the scale.

Table 6. Changes in the Index of USSR Contract Prices With Five CEMA Nations

	1974	1975	1976	1977
export indexes				
1973 = 100	106.6	142.2	149.6	156.4
preceding year = 100	106.6	133.3	105.0	104.5
import indexes				
1973 = 100	107.8	123.8	142.0	147.5
preceding year = 100	107.8	114.8	114.7	104.8

Calculated from "Vneshnyaya torgovlya SSSR" for corresponding years.

As is evident from the data of Table 6, there was a counter price rise for non-raw-material goods in the CEMA market as well. As a result of change in the structure of USSR exports and imports relative to the five indicated countries, price advantage nearly evened out. An active balance arose as a result of one phase of circulation, and a portion of the sum precipitated out into long-term bilateral credit accounts. The appearance of such credits sharply changed credit flows between CEMA member-nations in transfer rubles. Prior to this, other states of the socialist community had given the Soviet Union credits for joint investment within the USSR, that is, credit flows went to the USSR. In connection with the altered situation, the Soviet Union turned down credits from fraternal countries designated for the

construction of integration projects in the USSR. The fraternal countries now deliver machinery and equipment for these projects to the USSR on a cash basis.

The trend towards mutual exchange in kind is intensifying in the circulation of monetary means. It is expressed in a strengthening of the commodity co-ordination of "hard" and "soft," "currency" and "noncurrency" goods. Putting exchange on more of an in-kind basis has a dual importance. First, an exporter of petroleum and basic raw materials succeeds in making the mutual trade-turnover structure "firmer" by strengthening the commodity coordination of energy sources and other raw materials with the most important "hard" goods. During the 1974-1977 period, trade based on payments in reversible currencies of the capitalist countries was considerably developed within the CEMA framework. This trade was expanded primarily in a portion of the energy sources and basic raw materials.

The strengthening of in-kind exchange revealed the limitations of such an approach to solving concrete economic problems. The commodity linking of only a small portion of the trade turnover to "hard" goods does not solve the problem of using the entire trade turnover sum productively. Commodity linking of energy sources to "hard" goods is only a visible compensation to the creditor and is understandable only given an in-kind approach to economic phenomena.

At the same time, other solutions are also possible, to be precise, the comprehensive use of commodity-monetary relations in which price, interest, the currency of calculations and the concrete, in-kind, substantive form of all the components are a single entity. Partial approaches or the use of just some of these components would not provide the necessary result. Moreover, they could even aggravate contradictions arising due to the noncomprehensive solution of complex economic problems.

For the capitalist world, an important consequence of petrodollar circulation was a decided turn towards an energy-conservation strategy of economic development and rapid adaptation to conditions of being unable to meet all their energy needs. OECD countries increased real petroleum imports by only three percent from 1973 through 1977, but petroleum deliveries grew by 27 percent in the CEMA market during these same years (from 1973 through 1976). In turn, this insistently demanded the solution of energy-conservation problems.

The displacement in world-market energy prices forced a re-examination of the question of stripping world prices of market influences in accordance with the principle formulated by the 9th CEMA Session. Under present conditions, it would be unwise to begin discussing how to set a contract price, and the influence of such price-formation factors should be excluded. We should obviously proceed on the basis that the world price cannot be ignored either theoretically or practically as an objectively active category.

In the CEMA currency market, instead of numerous channels for using currency accumulations for production, financial and other purposes, there is just one channel -- granting credit on a bilateral basis, leading to the freezing of a portion of the currency resources. In this regard, the currency system of the CEMA countries has not yet been able to solve the problem of the productive use of currency surpluses arising due to trade imbalance. It is therefore necessary to quickly reinterpret the currency and financial opportunities for creating development funds and capitalizing currency accumulations.

The problem of prices is part of the whole mechanism of cooperation, the mechanism of commodity-monetary relations. The desired economic result cannot be achieved by changing one component, prices, and leaving the other components unchanged.

Alternative Price-Setting Procedures. An important step in developing the mechanism for managing the cooperation of CEMA member-nations was the 1975 decision by CEMA supervisory agencies to use a sliding base for setting 1976-1980 contract prices and the possibility of yearly adjustments. Under the new conditions, contract prices have gradually drawn closer to the levels and proportions of world prices but have retained their relative independence. It is already possible to evaluate the consequences of this step.

It has been thought up until now that price stability over a five-year period was a necessary attribute of the cooperation mechanism. It became theoretically clear and was confirmed in practice that socialist cooperation cannot be indifferent to change in external conditions, and especially in world market conditions. Elasticity must be combined with stability and, in this connection, the role and functions of the international cooperation mechanism and the internal economic mechanisms of the participating countries must be delineated. This signifies that the international cooperation mechanism and the price-formation system associated with it must react flexibly to change in external conditions and that the internal economic mechanisms must play a quite a bit larger role in ensuring economic stability in the participating countries.

From a practical viewpoint, the use of a "sliding base" for setting contract prices ensured a more or less smooth transition to the new conditions for regrouping prices and the calm adaptation of the economies of the individual countries to the new conditions.

Organizationally, the decisions made led to substantial growth in the economic content of pricing work in foreign trade. The necessity of setting prices flexibly intensified the attention foreign trade agencies paid to price relations in the socialist market and, as a result, agencies participating in the cooperation have begun to understand increasingly well the importance of the price factor. This could be a step forward in evaluating the role of commodity-monetary relations in the cooperation mechanism. Hence the necessity of increasing the activeness of economic tools within the framework of the international mechanism to carry out the medium- and long-range

goals of the cooperation. All this poses anew the question of using the contract price system as one of the most important components in the international cooperation mechanism.

Various alternatives can be used in solving the problem of methods of shaping contract prices for the next planning period, 1981-1985. In our opinion, there were already three alternative solutions to the problem of setting contract prices in 1975. The first is the so-called "sliding base." The second is the setting of "stop" prices, and the third is the transition to creating contract prices based on current world prices.

We understand "sliding" price base to be the method of setting prices now in use and see no important difference between whether the base for yearly adjustments is world-market price relations for the preceding five years or for just the last three years. "Stop" prices mean an opportunity to set prices for five years on the basis of world price relations in 1976-1980 or for three years on the basis of average world prices in 1976-1980 or just for 1980. Setting contract prices on the basis of current world prices can mean different variants. The first is setting contract prices for the year on the basis of average world prices for the preceding year. The second is setting prices on the basis of current world prices as of the date the contract is concluded.

As is evident from Table 7 [following page], as a result of the counter rise in prices for non-raw-material goods, there is no substantial difference between the first and third variants. In the first variant, the total balance over the four years was nearly 3.2 billion rubles, and for the third -- upwards of 4.3 billion. There is a significant difference only in the yearly distribution of the balance. In the first variant, possibilities for a gradual adaptation to changes in price proportions are evident, and in the third variant the picture is reversed.

In this connection, the question arises of recording the time factor in adapting to new conditions. A number of economic phenomena arising bear out the fact that stretching out the time factor has more negative than positive aspects. The most significant negative factor in the transition to the new conditions is the definite delay in developing an energy-conservation strategy of economic growth for the socialist community as a whole and for individual countries.

On the basis of an examination of end results under the three variants, it is possible to evaluate their positive and negative aspects from the viewpoint of opportunities for adopting a particular variant for the next planning period.

Analysis of these variants and study of their positive and negative aspects leads to the conclusion that the second variant, that is, the use of "stop" prices, hardly corresponds to the tasks of the present stage of cooperation. The choice is between different forms of the first and third variants. In

Table 7. Trade Turnover Alternatives for USSR Trade With Five CEMA Countries (Bulgaria, Hungary, the GDR, Poland and Czechoslovakia) Given Different Contract Price Systems (in billion rubles)

	1974	1975	1976	1977	total balance for 1974-1977
	first alternative				
export	8,126.8	11,164.3	12,336.5	14,262.7	
import	7,987.9	10,488.1	11,396.6	12,830.0	
(1) balance +	138.9	+ 676.2	+ 939.9	+1,432.7	+3,187.7
	second alternative				
export	8,126.8	11,164.3	10,350.6	11,180.6	
import	7,987.9	10,488.1	9,901.5	10,868.2	
(2) balance +	138.9	+ 676.2	+ 449.0	+ 312.4	+1,576.5
	third alternative				
export	10,050.0	13,680.0	15,300.0	16,700.0	
import	8,900.0	11,900.0	14,100.0	16,500.0	
(3) balance +	+1,150.0	+1,780.0	+1,200.0	+ 200.0	+4,330.0

Key:

1. "Sliding" price based on current contract prices
2. "Stop" price at 1974 price level or "stop" price at 1975-1977 level
3. Contract prices set on the basis of current world prices

Calculated on the basis of the price index given in Table 5.

our view, taking into account the demand for cooperation at the present stage and in the medium- and long-range perspective, as well as the minimum difference in economic end results between the first and third variants, practical application of the third variant in any form is the most feasible. Setting contract prices on a base of current world prices would make it possible to approach more realistically the problems inherent to the economic mechanism of cooperation and to create requisites to making complex economic decisions.

The possibility of choosing a price-setting formula which best meets the needs of CEMA member-nations is one of the advantages of the planned character of mutual trade among the fraternal countries as compared with the random character of price-formation in the world capitalist market.

[Positive and negative aspects of the three variants are compared on the following pages.]

Variant I. "Sliding Base"

Positive Aspects:

1. Absorbs the impact of sharp changes in world market prices on internal price-setting within countries.
2. Provides an opportunity for gradual adaptation to external conditions.
3. Closer to actual price relations in world trade (than Variant II).
4. A definite stability and conformity to the planning and organizational structure of mutual trade.
5. Compromise form for meeting the mutual demands of creditor and debtor.
6. Facilitates the structural adaptation of national factors and internal mechanisms to changing external conditions (as compared with the old variant).

Negative Aspects:

1. Means retaining a noneconomic approach to production problems of co-operation.
2. Balance of mutual payments is large but does not differ substantially from the balance of mutual payments under the third variant.
3. Restricted currency factor is retained in cooperation development.
4. "Naturalization" of mutual exchange is retained.
5. Conditions are created for lag in contract price dynamics behind world prices and they might possibly be out of phase with one another.
6. Retention of a two-stage price system in individual national economies is facilitated.
7. Price stimulates technical progress inadequately.
8. Demands as to quality are weakened.

Variant II. "Stop" price

Positive Aspects:

1. Buffer against the effects of external inflation.
2. Stability makes long-range planning and organizing foreign economic ties easier.
3. Facilitates multilateral organization of production ties, makes it easier to change and restructure the national economy.
4. No problem of devaluation of the transfer ruble.
5. Less importance to imbalance in mutual payments.

Negative Aspects:

1. Expresses yesterday's technical-economic demands.
2. Accustoms industry to a guaranteed price level and does not facilitate modernizing production.
3. Demands as to quality are lessened.
4. World and contract price dynamics do not coincide at all.
5. Retention of two-stage prices.
6. Role of currency factor in developing integration is eliminated.
7. Significant "naturalization" of exchange.

Variant III. Current World Prices

Positive Aspects:

1. Stimulate technical progress.
2. Raise the level of the economic approach when making production integration decisions.

3. Criteria objectiveness when making decisions is ensured.
4. Higher demands are made on industry.
5. Higher demands are made as to the quality of output being exchanged in the CEMA market.
6. There is less "two-staging" of prices.
7. The play of integration factors is strengthened due to elimination of the basis for price and currency discrimination for different goods.
8. Bilateralism and "naturalization" are lessened.
9. Conditions are created for an active role for the currency-financial mechanism.

Negative Aspects:

1. More inflation is imported than in the first and second variants.
2. The concept of stability changes. Responsibility of the internal mechanism increase.
3. Trade turnover might be reduced as a result of difficulty in marketing substandard output.
4. Increased imbalance of mutual payments as compared with the first and second variants.
5. Possible significant change in the trade turnover structure.

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Monetary Credit System

Moscow DEN'GI I KREDIT in Russian No 1, Jan 80, pp 70-76

[Article by Yu. F. Vasin: "In the Interests of Actualizing the Comprehensive Program"]

[Text] The Council of Economic Mutual Assistance is the first international economic organization of the socialist nations. CEMA development and activity have been inseparably linked to the process of establishing and developing the productive forces of the world socialist economic system and will serve as an important accelerator of the economic development of the socialist countries, of strengthening the might and unity of the nations of the socialist community.

In the modern period, the economic cooperation of CEMA countries and socialist economic integration encompass, along with foreign-trade and financial foreign exchange relations, practically all spheres of material production, capital construction, science and engineering.

The changeover of CEMA countries to socialist economic integration has been a most important manifestation of the trend towards their rapprochement. The basic content of the present stage of development of reciprocal economic ties of the CEMA countries has been actualization of the Comprehensive Program of Socialist Economic Integration to 1990. Work on its actualization has borne out that even now, the economic interaction of the fraternal

countries has deepened considerably in all areas of the national economy and that the complementary interaction of their economies has increased.

In a report at the festive meeting devoted to the 60th anniversary of Great October, Comrade L. I. Brezhnev noted: "We have set a policy of jointly solving problems of raw material, fuel and energy, food and transport. We are intensifying our specialization and cooperation, especially in machine building, on a base of the latest achievements of science and engineering. We will solve these problems safely, economically and on a long-range basis. We will solve them with an understanding of the interests and needs of each fraternal country and of the community as a whole."

Recently, increasing development has been accorded the new level of socialist economic cooperation, development and implementation of the 1976-1980 Coordinated Multilateral Integration Measures Plan, and long-term target cooperation programs in key branches of production.

On a background of crises in the capitalist economy, which has for a number of years now been enduring the most significant crisis of the entire post-war period, the achievements of CEMA member-nations in recent years are especially vivid. Stable, high rates of development in all branches of the CEMA economy are convincing proof of the advantages of the socialist method of running the economy.

The financial-foreign exchange relations of the socialist countries are of important significance to the successful course of economic cooperation of CEMA member-nations, and in particular, to successful implementation of the Comprehensive Program of Socialist Economic Integration. On a background of the continuing crisis in the capitalist foreign exchange sphere, the system of CEMA financial and foreign exchange relations, which is characterized by stability and effectiveness throughout the entire course of its existence and development, clearly demonstrates its advantages.

At present, the monetary-credit system is emerging as an important planning-organizational link in expanded socialist reproduction, a means of stimulating attainment of the highest goals of social production; it plays an important role in the creation, distribution and redistribution of social product and national income. In this regard, under present conditions and in accord with the overall general line worked out by the 25th CPSU Congress, the most important task facing the monetary-credit system is its further development with a view towards increasing assistance in improving the efficiency of socialist production and of the entire complex of CEMA member-nation economic relations.

Special importance is therefore attached to the financial and foreign exchange relations of CEMA member-nations at the present stage of socialist economic integration for broadening and deepening the economic cooperation of CEMA member-nations and increasing the effectiveness of their foreign economic relations, which is an integral part of the economic strategy of the CPSU and other fraternal parties.

Much attention was paid at recent CEMA sessions to further improving the financial and foreign-exchange relations of the CEMA countries. It was noted that the financial and foreign-exchange tools of the socialist system of economic integration must facilitate even more the solving of pivotal problems of cooperation, meeting mutual obligations and the prompt, uninterrupted provision of large-scale joint projects, assignments stemming from the 1976-1980 Coordinated Multilateral Integration Measures Plan and long-range target cooperation programs with financing and foreign exchange.

The mechanism of CEMA member-nation financial and foreign-exchange relations is being perfected as the national economy of the CEMA countries develops, as the interlinking and interdependence of their national economies are intensified. There has been a corresponding and continuing deepening of cooperation in the area of CEMA financial and foreign-exchange relations in the development of new forms of such relations, in the broadening of their sphere of application.

In the initial stages of CEMA economic cooperation, contra accounts between socialist countries were kept on the basis of bilateral clearing accounts. In the late 1940's and the early 1950's, mutual economic ties among CEMA countries had only just begun developing. They were primarily in the form of foreign trade and interstate loans. Under these conditions, international trade and payment circulation could be effected only on a bilateral basis. During this period, it was just such a clearing method of calculation that was needed, economically expedient, and most suitable, given the conditions of world socialist market development which had evolved at that time.

Clearing accounts have played a positive role in developing economic cooperation among CEMA member-nations. They enabled us to ensure the equivalency of bilateral economic ties and were the basis of interstate relations.¹

Later, attempts were made to overcome a certain narrowness in bilateral clearings. We began using trilateral clearings, and in 1957 an agreement was concluded on multilateral clearings and the Clearing House, but less than 10 percent of the trade-turnover calculations among CEMA member-nations were cleared through it.

At the same time, the then-current system of calculations gradually began to fail to meet the need for further developing multilateral interstate economic relations. It became obvious that calculations on a bilateral basis restrict further development of CEMA member-nation trade turnover. In practice, countries with an active balance were unable to use it to purchase goods in third-party countries or to pay off debts in calculations with those countries and, in this regard, the amount of bilateral trade is also limited by amount of deliveries of a country which had fewer export opportunities.

1. In this regard, socialist nation interstate credits were recorded in individual accounts (not clearing accounts).

In the next stage of CEMA member-nation economic cooperation (the late 1950's and early 1960's), which was characterized by rapid development of the CEMA member-nation national economies and by expansion of their mutual trade turnover, increasing opportunities appeared for more intensive cooperation both in the sphere of circulation and in the sphere of production, on the basis of international division of labor. CEMA member-nations began coordinating national economic plans more actively.

During this period, the level of CEMA member-nation productive forces which was achieved and the new scope and forms of their cooperation began insistently demanding a new system of international calculations adequate to them and an increase in the role of the financial and foreign-exchange mechanism in the system of CEMA member-nation economic cooperation.

At the same time, the above-indicated phenomena and processes in the sphere of material production and mutual foreign-economic cooperation among CEMA countries provided reliable objective conditions and requisites for a transition to international calculations on a multilateral basis and to coordination of these countries' activity in the area of international credit.

In 1963, the CEMA Permanent Commission for Financial and Foreign-Exchange Questions developed proposals on changing over to multilateral calculations in transfer rubles and on organizing the International Economic Cooperation Bank (MBES). The change-over to calculations based on all trade turnover and to other payments based on the newly created collective foreign exchange of CEMA member-nations -- the transfer ruble -- was effected on 1 January 1964. At the same time, the International Economic Cooperation Bank began operating.

As A. B. Al'tshuler emphasizes, "introduction of the system of multilateral calculations and creation of the MBES have signified the appearance of a new form of relations among CEMA member-nations."¹ These relations fundamentally changed the organization of international calculations of countries of the socialist community and marked a transition to a new stage in CEMA member-nation cooperation in financial and foreign-exchange relations.

The basic principle of the existing multilateral system of calculations in transfer rubles is the following: member-nations of this system must, within a calendar year or another period agreed to by the member-nations, ensure a balance between receipts and payments in transfer rubles with all other participants in the multilateral system of calculations as a whole. Member-nations made all calculations in transfer rubles through the MBES.

Prior to 1971, the multilateral balance of payments and receipts of member-nations was done by the MBES by calendar year, and since 1971, payments and receipts can be balanced over periods of up to three years.

1. A. B. Al'tshuler, "Sotrudnichestvo sotsialisticheskikh gosudarstv -- raschety, kredity, pravo" [Socialist State Cooperation -- Calculations, Credit and the Law], Moscow, 1973, p. 60.

In order for the multilateral system of calculations in transfer rubles to function successfully, a large role is played by the system of crediting in transfer rubles, which is closely related to it and an inseparable part of it and which is also run by the International Economic Cooperation Bank.

As distinct from the clearing system of calculations, MBES member-nations can acquire goods for collective foreign exchange from another partner without granting it a corresponding commodity equivalent at that particular moment and after paying in transfer rubles obtained from other participants in the multilateral system of calculations for its own commodity deliveries or in the form of MBES credits.

The basis of the multilateral system of calculations and financial and foreign-exchange relations of CEMA member-nations as a whole is the collective foreign exchange of the socialist countries, the transfer ruble. The Comprehensive Program of Socialist Economic Integration provides the following description of the transfer ruble: "The socialist collective foreign exchange (the transfer ruble) has an actual commodity guarantee based on the planned development of commodity exchange of CEMA member-nations at agreed-to contract prices set on a base of world prices minus the harmful influence of capitalist market factors, which ensures its stability and independence from the crisis phenomena of the capitalist foreign-exchange system."¹

The 16 years of experience in using the transfer ruble in the financial and foreign-exchange relations of CEMA member-nations convincingly confirms the reliability of the collective socialist foreign exchange and describes its advantages.

Transfer rubles are advanced into circulation through credit within the limits of the credit plan in response to actual demand for credit arising in the course of the economic cooperation among CEMA member-nations.

Subsequently, transfer rubles can be obtained by the countries in payment for exported goods and to render services to other countries participating in the multilateral system of calculations, as a result of which the countries develop funds in accounts. In this regard, transfer rubles have a commodity origin in all cases, since they are backed by commodity deliveries and services rendered as anticipated by the national economic development plans of CEMA member-nations and by interstate agreements on commodity exchange.

Within the framework of CEMA member-nation multilateral and bilateral economic cooperation, the transfer ruble performs the basic functions of international foreign exchange: measures of value, when setting prices, on whose

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1. "Kompleksnaya programma dal'neyshego uglubleniya i sovershenstvovaniya sotrudnichestva i razvitiya sotsialisticheskoy ekonomicheskoy integratsii stran-chlenov SEV" [Comprehensive Program of Further Intensification and Improvement of Cooperation and Development of Socialist Economic Integration of CEMA Member-Nations], Moscow, Politizdat Izd-vo, 1972, p 50.

basis trade is effected among CEMA member-nations; means of payment -- when servicing contra accounts on trade, noncommercial and credit operations effected among CEMA member-nations; means of accumulation -- in the accumulation of transfer rubles in current accounts and in MBES contributions which serve as the basissource of its credit resources.

From our point of view, the opinion of a number of Soviet economists that the transfer ruble as a collective foreign exchange differs substantially in its economic nature from the national currencies of CEMA member nations, including the Soviet ruble, and does not depend on them in any way is entirely justified.¹

First, the national currencies of the socialist countries are issued by the national banks, which are regulated by their governments. But transfer rubles are released into payment circulation by decree of the MBES Council, which is a collective organ of bank member-nations. Second, the purchasing power of CEMA member-nation national currencies is based on external prices for goods and tariffs on services which are in effect in particular countries. The purchasing power of the transfer ruble is determined by the level of foreign-trade prices in effect in the international CEMA member-nation market, which are currently set each year based on average world prices over the last five years, stripped of market fluctuations. Third, the transfer ruble is used only for international calculations among CEMA member-nations, and the national currencies of the socialist countries are used only for internal calculations and payments are as a rule not used for international calculations at the present time. Fourth, the national currencies are issued in the form of bank notes and metal coins and are also used for clearing through banks among organizations and enterprises. But the transfer ruble operates only in bank accounts and cannot be used by private parties and organizations for cash calculations, since it is not issued in the form of bank notes and coins.

As the collective foreign exchange of the socialist countries, the transfer ruble ensures equivalent exchange among CEMA member-nations by preventing, in this regard, the use of any national currency as a means of calculation in foreign economic relations, which ordinarily provides the issuing country with a unilateral advantage.

The stability of the transfer ruble does not depend on the status and gold content of the national currencies of the individual socialist countries.

1. See: V. P. Komissarov and O. M. Shelkov, "MBES Multilateral Calculations and Credits," *DEN'GI I KREDIT*, No 1, 1975, p 72; "Mezhdunarodnaya sotsialisticheskaya valyuta stran-chlenov SEV" [CEMA Member-Nation International Socialist Foreign Exchange], Moscow, 1972, pp 23-24; K. Miroshnichenko, "Socialist Economic Integration and the MBES," *MEZHDUNARODNAYA ZHIZN'*, No 1, 1979, p 27; A. Ya. Retleyder, "Mezhdunarodnyye kreditnyye organizatsii stran-chlenov SEV" [International Credit Organizations of CEMA Member-Nations], Moscow, 1973, p 31.

countries. The stability of the collective foreign exchange is ensured by its firm gold content, by the stability of mutually agreed-to foreign-trade prices of the international socialist market, and by the planned nature of mutual trade and calculations among CEMA member-nations.

The transfer ruble also differs substantially from the international currencies being used by the capitalist countries and, in particular, from the "SDR," special drawing rights. As Professor V. P. Komissarov has correctly noted, the collective currency of the CEMA member-nations expresses the common economic interests of all the socialist countries which have created it, which is what makes it fundamentally different from the international currencies of the capitalist countries, which serve the interests primarily of only the leading capitalist states.¹ In this regard, as distinct from the "SDR," the transfer ruble possesses a real commodity guarantee and is used for commercial and non-trade calculations and credit operations, while the international currencies of the capitalist countries are not used directly in international calculations.

In calculations among MBES member-nations, transfer rubles are "converted" into the national currencies. The conversion of transfer rubles into national currencies in mutual foreign trade calculations is done using coefficients agreed to by the central banks and financial-currency agencies of the socialist countries within the framework of the CEMA Permanent Commission for Financial and Foreign Exchange Questions, with consideration of the level of contract prices for goods in mutual CEMA member-nation trade.

Agreed-to ratios (coefficients) of national currencies to the transfer ruble which are set with consideration of the retail price levels for goods and tariffs for services in effect in the CEMA member-nations are used for calculations on non-trade operations.

The multilateral system of calculations and crediting in transfer rubles through the MBES has eliminated obstacles of a computational nature to expanding the mutual foreign-economic relations of CEMA member-nations and has created organizational-technical conditions for making multilateral calculations. As compared with the system of clearing calculations, it possesses the following advantages:

a) the multilateral system provides an opportunity for concentrating all a country's funds in a single account, which enables it to use an active balance of calculations with some countries to cover its passive balance of calculations with others, ensuring uninterrupted and immediate payment for all actual commodity deliveries;

b) the multilateral system has accelerated two- to three-fold calculations and the rate of turnover of monetary means as compared with the previous system of calculations;

1. V. P. Komissarov, "Mezhdunarodnyye valyutno-kreditnyye otnosheniya SSSR i drugikh sotsialisticheskikh stran" [International Currency-Credit Relations Between the USSR and Other Socialist Countries], Moscow, 1976, pp 185-186.

c) in turn, acceleration of the rate of turnover of funds in the calculations and use of the principle of multilaterality facilitate the more economical use of payment funds and a reduction in the demand for loans to ensure uninterrupted calculations;

d) more efficient credit terms are created. Member-nations use MBES loan funds only after all their own funds have been exhausted. The planned nature of trade turnover and MBES credits ensures that loans will be repaid quickly and promptly;

e) the multilateral system helps to expand trade turnover among CEMA member-nations and it enables them to increase imports, even if they are temporarily not covered by exports;

f) the recording of mutual obligations in terms of trade turnover has been significantly improved; the MBES now regularly submits to member-nation agent banks data on the status of calculations through the MBES of each country with other bank member-nations, which enables the countries to follow quickly progress in meeting mutual obligations;

g) finally, the role of money as a means of controlling the prompt meeting of obligations in terms of commodity deliveries has grown substantially.

As was already noted above, the multilateral system of calculations and crediting in transfer rubles operates through the International Economic Cooperation Bank created by CEMA member-nations, which is called upon to facilitate meeting CEMA member-nation obligations in terms of reciprocal commodity deliveries and strengthening planning and payment discipline in their foreign-economic relations. The MBES calculation-credit mechanism and its credit policy thus play an important role in the successful and rapid development of socialist economic integration.

In connection with the question at hand, let us touch on the main instances characterizing bank goals and activity.

The basic task of the MBES and its most important sphere of activity is to organize and do multilateral calculations in transfer rubles for trade and other operations and to provide credit for those operations. The MBES is also invested with attracting and retaining the free funds of member-nations in transfer rubles in current accounts and in contributions, and also to perform operations in convertible currency and gold.

As of 1 January 1979, MBES statutory capital was 305.3 million transfer rubles. Member-nation proportionate contributions (quotas) in this capital are set proportionate to the total exports of each country as a percentage of their reciprocal trade. Actual member-nation contributions to bank statutory capital are currently 40 percent of their quotas (including 20 percent in transfer rubles and 20 percent in convertible foreign exchange). As of 1 January 1979, the paid portion of MBES capital equalled 121.6 million transfer rubles. In addition to statutory capital, the MBES also has available to it reserve capital created through deductions from bank annual profit; it was 115.3 million transfer rubles as of that same date. In addition to its own funds, the MBES also has available to it recruited funds in transfer rubles and convertible foreign exchange.

Transfer-ruble sums can be used to purchase goods in MBES member-nations or to pay for delivered goods, to pay off MBES loans from other countries or interstate loans in transfer rubles, to make contributions to MBES statutory capital or to that of the MIB [not further identified] and international economic organizations (MEhO) created by CEMA member-nations, as well as to special funds these banks might create.

The basic form of calculations in transfer rubles through the MBES is debt collection with immediate payment.

Throughout its entire existence, the International Economic Cooperation Bank has successfully developed its activity, being governed by the interests of deepening the international socialist division of labor, further expanding and strengthening the trade and economic ties of bank member-nations. By ensuring the successful and reliable operation of the multilateral system of calculations in transfer rubles, the MBES has facilitated in every way possible the further development of CEMA member-nation economies and has played an important role in their economic cooperation.

MBES credit and calculation operations are closely linked to overall progress in developing economic cooperation among member-nations. All the mutual calculations of CEMA countries concerning trade turnover, interstate credits, non-trade operations and other items go through the bank. Trade-turnover calculations comprise about 95 percent of all MBES payment circulation in transfer rubles. The total amount of such calculations has grown steadily and reached 727.1 billion transfer rubles during the 1964-1978 period. The amount of mutual CEMA member-nation calculations through the MBES grew from 22.9 billion transfer rubles in 1964 to 106.0 billion in 1978.

At present, the MBES grants two types of credit: credit pending clearance and loans for specified periods. Credit pending clearance is intended to cover the needs of authorized banks for funds for a short-term increase of current payments over receipts. It is granted immediately, as needed, within limits set by the bank council. The MBES grants loans for specified periods to expand trade turnover, to meet seasonal needs, to equalize the balance of payments, and for production specialization and cooperation, for a maximum of three years.

In recent years, credit pending clearance comprised about 80-85 percent of the total amount of credit granted and loans for specified periods accounted for about 15-20 percent.

Beginning in 1977, the MBES has granted credit in transfer rubles to the International Investment Bank to supplement its resources. Procedures have been worked out for granting credit to international economic organizations (MEhO) created by CEMA member-nations. During the 1964-1978 period as a whole, the MBES granted member-nations loans totalling 46.1 billion transfer rubles. The amount of credit, in transfer rubles, granted by the MBES has risen from 1.5 billion transfer rubles in 1964 to 5.7 billion transfer rubles in 1978.

MBES credit in transfer rubles is granted following a great deal of important loan planning work. When the credit applications on whose basis the MBES credit plan for each year is drawn up are submitted, the authorized banks proceed on the basis of national economic and foreign trade development plan indicators from their own countries and annual trade agreements signed among MBES member-nations.

With a view towards helping develop the economic relations between CEMA member-nations and other countries, the MBES actively develops operations in convertible foreign exchange as well.

Funds in convertible foreign exchange drawn into the MBES from international foreign exchange markets are granted both to member-nation banks and to the banks of other countries. In this regard, whereas about 70 percent of the funds it attracts in convertible foreign exchange are accounted for by banks of capitalist countries, the MBES puts the bulk of its funds in these currencies in the banks of its own member-nations.

MBES operations in convertible foreign exchange, as distinct from bank operations in transfer rubles, are financial in nature and are not directly connected with trade turnover or services. In performing operations in convertible foreign exchange, the MBES facilitates the development of economic relations of countries of the socialist community with other countries.

The MBES has extensive business and correspondence ties with many large banks in various countries (they presently number over 300) such as the Bank of America, Chase Manhattan Bank, National Westminster Bank, Barclay's Bank, Credi Lionne and others, as well as with international economic and financial-currency institutions.

In recent years, the introduction of computer equipment has facilitated successful operations; it is used to perform various banking operations, to record receipts and payments in transfer rubles, to compile daily credit, current account and contribution entries in both transfer rubles and convertible foreign exchange, and for various other purposes. The use of computers in bank work has had a large impact. In particular, MBES operations in 1978 had increased more than two-fold as compared with 1973, and the use of computers in MBES work provided an opportunity to successfully perform all transfer-ruble and convertible foreign-exchange operations without increasing bank services personnel numbers.

The International Economic Cooperation Bank is an independent international credit organization of countries of the socialist community. In its activity, the bank cooperates closely, on a contractual basis, with other international organizations of socialist and capitalist countries, foremost with a number of CEMA agencies -- the CEMA Committee for Cooperation in the Area of Planning, the CEMA Permanent Commission for Financial and Foreign-Exchange Questions, the CEMA Permanent Commission for Foreign Trade, and with the International Investment Bank.

Throughout its activity, the MBES has improved the MBES credit-calculation mechanism in terms of operations in transfer rubles.

Beginning on 1 January 1977, interest has been computed for current accounts at 1.5 percent annually (for the MIB offset account, the existing interest rate of two percent was retained). Interest rates were increased from 1.5 to four percent annually for scheduled deposits in transfer rubles, depending on the deposit schedule from 2.5 to four percent annually.

The failure to pay interest on funds in current accounts led to a situation in which the agent banks were not interested in keeping their own funds in them in transfer rubles and put them into scheduled deposits. The interest rate level for scheduled deposits was very low and countries with funds in MBES deposits thus received insufficient compensation for temporarily immobilizing their funds in transfer rubles.

The steps taken to raise the level of interest rates facilitated more precise calculations and the more efficient distribution of agent bank funds in current accounts and deposits.

In October 1977, in connection with expansion of bank functions, supplements to and changes in the 22 October 1973 Agreement on Multilateral Calculations in Transfer Rubles and Organizing the MBES and in bank regulations were introduced. Thus, the International Economic Cooperation Bank was granted the right to open accounts in transfer rubles and grant credit to international economic organizations created by CEMA member-nations, to banks and other organizations, as well as to the banks and organizations of other countries. The procedure for increasing the bank's statutory capital was refined; funds of its own were created for the MBES, as were special funds created using the resources of interested member-nations; calculations were made in transfer rubles with countries non members of the bank, new countries were admitted to MBES membership; countries possessed funds in transfer rubles in accounts at the bank and interest was paid on them.

In addition to this, it was noted that the MBES can perform practically all currency-credit operations in these currencies and gold which are accepted in international banking practice.

A number of refinements were made concerning the legal capabilities of the International Economic Cooperation Bank which will undoubtedly facilitate further strengthening the prestige and authority of the MBES in international banking circles and the development of business cooperation between it and other banks and organizations.

The provisions of the Comprehensive Program of Socialist Economic Integration also anticipate a whole series of measures to broaden and improve MBES activity. In particular, it notes that MBES credits and interest must more actively help develop the foreign trade turnover of the countries and help them meet mutual obligations. Important tasks have been set the bank in its

economic work on limiting elements of automatism in granting credit and on attaching greater elasticity to the MBES credit and calculation system.

The CEMA Committee for Cooperation in Planning and the CEMA permanent commissions for financial-currency questions and foreign trade, in cooperation with the MBES and MIB, are continuing to study and develop measures to continue improving the credit and calculation system of CEMA member-nations along the lines of heightening the role of the transfer ruble, expanding its sphere of application, and also measures to expand the multilateral balance of trade turnover and calculations in transfer rubles among MBES member-nations.

The existing multilateral system of calculations and crediting in transfer rubles is a technical improvement and reliably ensures calculation servicing of the growing volume of economic and other forms of cooperation among CEMA member-nations, and thus plays an important role in actualizing and developing that cooperation.

At the same time, it must be stressed that the efficiency of operation of the multilateral system itself depends in turn largely on success in actualizing the entire complex of economic cooperation among CEMA member-nations and all the individual forms of such cooperation, as well as on the level of development of that complex. As it is developed, the multilateral system of calculations and credit is also being continuously improved.

The multilateral system of calculations and credit through the International Economic Cooperation Bank has been operating successfully for 16 years now. Analysis of its practical application over the entire period of its existence testifies to the fact that the multilateral system corresponds to the level of economic cooperation achieved among CEMA member-nations on the basis of the planned development of their mutual foreign economic ties, ensuring equivalency, uninterruptedness and promptness of calculations for all types of foreign-trade and other operations among countries of the socialist community. Countries of the socialist community thus have available to them a reliable and effective tool for calculating and granting short- and medium-term credit, a tool which serves all forms of CEMA member-nation economic cooperation. The development of all directions of CEMA economic cooperation, steady growth in their mutual foreign trade turnover, the accumulation of commodity and foreign exchange reserves, improvement in the quality and expansion of the assortment of a number of goods, development of the production specialization and cooperation process, perfection of the planning system in socialist countries, and so forth, will facilitate first of all the fuller manifestation of the advantages of the multilateral system of calculations in transfer rubles and improvement in its effectiveness.

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Moscow DEN'GI I KREDIT in Russian No 1, Jan 80 pp 76-79

[Article by USSR Foreign Trade Bank senior economist V. V. Perskaya]

[Text] Speaking at the 25th CPSU Congress, General Secretary of the CPSU Central Committee and Chairman of the USSR Supreme Soviet Presidium L. I. Brezhnev noted that foreign economic ties "are an effective means facilitating the resolution of political and economic tasks." Significant changes have occurred in the development of USSR foreign economic ties. Attention is called first to the fact that they have continued to broaden: during the 1970-1977 period, total USSR foreign trade turnover more than doubled (in current prices) and the yearly foreign trade growth has been stable at 11-12 percent since 1976.¹

In the complex of all components of USSR foreign economic ties important significance is attached to relations with the developed capitalist countries. Their proportion of Soviet foreign trade turnover was approximately 33 percent in 1976-1977, as against 21.7 percent in 1970.²

In USSR trade and economic relations with the developed capitalist countries, primary reliance is placed on a long-term, large-scale basis beyond the framework of ordinary commodity operations. In order to resolve this task, the center of attention has been questions of perfecting the export-import commodity structure, of comprehensively studying and skillfully using world market conditions, of improving the mechanism for financing and providing credit for foreign economic ties, of strictly recording and monitoring foreign trade operations by the participants. In turn, this insistently dictates the necessity of skillfully combining scientific analysis of the indicated questions with everyday practical work.

In addition to the traditional forms and methods of international trade, increasing dissemination is being received by such forms as compensatory discounts, production cooperation, scientific-technical cooperation, technological processes and inventions developed jointly, and the institution of joint companies in capitalist countries with the participation of the Soviet Union and others.

Also deserving of attention is the form of foreign economic relations in which joint companies (basically in the form of joint-stock companies) are instituted in capitalist countries with the participation of Soviet and foreign monetary resources. One feature of this form of ties is that it anticipates a deeper economic interaction of the parties than commodity-exchange discounts among the partners, that it ensures putting foreign economic relations on a long-term basis by assuming a gradual transition from commodity-

1. "Vneshnyaya torgovlya v 1976 g." [Foreign Trade in 1976], Moscow, Statistika Izd-vo, 1977; supplement to VNESHNEYAYA TORGOVLYA, 1978.

2. "Novyy etap ekonomicheskogo sotrudnichestva SSSR s razvityimi kapitalisticheskimi stranami" [New Stage in USSR Economic Cooperation With the Developed Capitalist Countries], Moscow, Nauka Izd-vo, 1978, p 11.

marketing relations to production and leasing operations, as well as to transport operations.

The form being examined here is not fundamentally new to our times. The first Soviet-foreign foreign trade development associations were created in 1919-1923. Their purpose, as the All-Russian Central Executive Committee decree of 13 March 1922 pointed out, was to attract foreign capital to procure export goods within the country, market them abroad, and import into the country items needed to restore the national economy and domestic barter.

The first joint associations were the Peresneft', Peresakhlopok, Perasholk, Derulyuft, Rusavatorg and others.

Subsequently, such associations were instituted to overcome difficulties associated with exporting particular goods or getting into world markets. A number of joint associations were formed after World War II. However, it was not until the 1970's that a course was charted towards the broader use of this form in foreign dealings. Thus, whereas there were only 14 joint companies in 10 countries in 1971, there are now more than 80, including ones in trade, transport and fishing. The amount marketed in 1976-1977 through trading companies with joint capital was approximately 4.5 to 5.5 percent of the total exports to capitalist countries.

It would be hard at present to draw the line between purely trading associations and associations which are production-marketing in nature. Practically all were only trading operations at the start of their activity, accumulating experience in operating in the markets of the partners and studying the features of the country in which they were as concerns trade, finance, foreign-exchange and production law. Then the necessity of increasing the profitability of the association's activity leads to a gradual broadening of its functions, which draws cooperation ever closer to production. Associations begin pre-sale processing of goods supplied from the USSR, manufacturing a number of components whose demand is better supported by market influences; they begin leasing and expand the network of maintenance on output sold, and so on.

In other words, the trade function of the associations is the initial level of development; it provides the impetus to further improvement in their activity, to the gradual development of production cooperation.

We concur with the opinion that the basic features of joint-stock companies are as follows¹: joint ownership; joint economic activity; joint participation in management and supervision; distribution of profit and risk-taking in this connection.

1. See: "Novyy etap ekonomicheskogo sotrudnichestva SSSR s razvityimi kapitalisticheskimi stranami" [New Stage in USSR Economic Cooperation With the Developed Capitalist Countries], Moscow, Nauka Izd-vo, 1978.

The form of USSR foreign economic ties being examined here has a number of positive aspects for developing Soviet exports and increasing its share of world foreign trade. Among them are these. The main founder of the association is a Soviet foreign trade organization, whose proportion of participation in the company's capital fluctuates between 40 and 91 percent. It manages the basic activity of the company, controlling all stages of movement of the export output. The primary task of the association is to attain in the most effective manner the highest level of advance sales, as well as to ensure the profitability of its operations. The association has an opportunity to influence the marketing of those goods allotted it by foreign trade organizations in accordance with the export plan for foreign-trade organization daughter companies; it coordinates and controls commodity inventories and pre-sale processing, especially for deliveries of machinery, equipment and other machinery-technical items. Associations ensure that the fullest possible information is received on the market in the country they are in, the activity of competitors, the demand among western partners for a commodity entering the world markets, and in so doing, they influence the level of production of export output in the USSR, facilitating its quality being equal to world standards. Associations ensure the possibility of more advantageous forward contracts in the markets of capitalist countries by excluding additional expenses associated with selling-agent companies; they provide recommendations on future demand in the next period and price-index movement concerning particular goods; foreign trade organizations orient the associations towards advance sales to final consumers rather than to agent companies, which influences selling price levels. Associations have a more stable financial position than their capitalist partners, which is ensured by the form in which they were created and because they are organizations whose founding capital belongs basically to the USSR. Associations ensure advance sales using the most effective method by bearing general overheads connected with selling in the capitalist market (EEC customs duties for Soviet goods are three percent or more of the value of the commodity) which they cover through the skillful use of the interplay of market forces; in the absence of most-favored nation status, forward contracts through these associations help us overcome customs and tax barriers to the goods of socialist countries.

The creation of joint trade associations for a number of goods is an important channel of USSR trade with capitalist countries. Their main activity is moving Soviet goods, and especially machinery and equipment, to western markets. For example, the share joint-stock associations have of all motor vehicle exports sold by the Avtoeksport All-Union Association in capitalist countries has increased year by year, and the same also applies to associations involved in exporting raw-material commodities.

Practice has shown that there are many opportunities available for further developing cooperation in this area, both in breadth and in depth. In this regard, the experience of socialist countries using this form of expansion of trade with the developed and developing countries extensively is instructive. The fact that production cooperation, which is being developed increasingly, is possible on the basis of trade cooperation deserves attention.

Thus, it is possible to export machinery and equipment unassembled, to be assembled locally later. This is justified for goods which it is economically disadvantageous to ship considerable distances, large commodities which must be stored near markets, and goods for which the demand is better supported by the influence of market factors.

One direction in which USSR cooperation with the developed capitalist countries might be expanded is to increase leasing, in other words, the leasing of machinery, equipment, ships, and so on. Successful examples of such activity are available. The Yuzo-Plant Ltd. Soviet-British association, for example, is involved in selling and leasing Soviet machinery and equipment (road-building equipment, excavators, large-capacity vehicles) and other items.

The development of new forms of foreign economic ties determines further improvement in credit-financial relations. In this connection, one of the primary tasks of the Foreign Trade Bank is to ensure further development of long-term forms of foreign economic cooperation. This in turn means seeking out resources for the long-term crediting of foreign trade, as well as studying opportunities for using loan funds more effectively.

Increasing the activity of joint-stock associations established with the participation of the Soviet Union will to a large extent be facilitated by the credit policy being conducted by the USSR Foreign Trade Bank relative to the main joint-stock shareholders and the joint associations abroad directly, inasmuch as their activity is based primarily on bank loans.

The USSR Foreign Trade Bank grants credit to the associations either by providing credit to foreign trade organizations for goods supplied to the associations on commercial credit terms or by granting the associations direct loans and capital investment credit.

Examples of direct crediting of joint company services by the USSR Foreign Trade Bank would be credit agreements concluded with the Neotype Tekhmash-eksport joint-stock company and the Bel'so joint-stock company. In this instance, the bank grants the association credit in foreign currency to pay foreign-trade organizations for goods or services supplied by them and for expenses associated with this, as well as to purchase goods abroad. Under these agreements, the credit is granted for goods for 90 days to 12 months, depending on the type of commodity group, with extension rights on petition by the association and with the concurrence of the USSR Foreign Trade Bank. Backed bills of exchange are the loan guarantees; moreover, the associations provide the bank with information on the availability of commodity stocks included on the organization's balance, indicating the time for which they are being stored.

The indirect method of crediting is connected with granting commercial loans for goods by foreign-trade organizations. In this instance, monitoring material and commodity resources and schedules for marketing them is invested

entirely with the foreign-trade organizations, and the USSR Foreign Trade Bank has an opportunity to monitor only the activity of the association and, if violations are discovered in the operation of the associations (but not the companies), a loan which has been granted can be recovered ahead of schedule or on schedule (if payment is not received).

Of the two methods of crediting in use, the first possesses the greatest effectiveness. Thus, in the first instance the intermediary (the foreign-trade organization) is eliminated in operations connected with crediting the activity of the companies and the foreign-trade association fills only the role of guarantor or surety; for using a first loan, the USSR Foreign Trade Bank charges an interest rate more suited to the Soviet party and, inasmuch as the loan is granted to the companies in foreign currency, the interest is also calculated in foreign currency, while loans to foreign-trade organizations are granted by the bank in rubles, with interest calculated in rubles as well; if the bank grants companies credit directly, cash drafts are written off by foreign-trade organizations with practically immediate payment, which ensures accelerated rate of turnover of bank ruble funds; the indicated crediting practice also eliminates long periods of company indebtedness to the association, inasmuch as it is repaid immediately upon forwarding of accounts to the company; opportunities are created for the USSR Foreign Trade Bank to monitor more closely the activity of the companies, which facilitates increasing the effectiveness of USSR foreign economic ties. Moreover, the method of direct bank credit more fully ensures a long-term basis for foreign trade operations and will serve to increase the prestige of the USSR Foreign Trade Bank in the international arena.

At the same time, the crediting procedure requires more detailed study, inasmuch as credit is still being granted in a number of cases without considering the schedules for marketing goods. Studying this problem would help us develop a more effective method of crediting joint companies and one which is ensured to the maximum degree possible against possible risks.

For the joint associations, direct crediting also has a number of advantages, since the association is linked to only one creditor, who is interested in successful activity by the association and which has been set the task of helping expand USSR export operations. Interest on credit is calculated at acceptable rates. Moreover, the association receives revenues in the form of interest calculated by the Foreign Trade Bank if there is a credit balance in its accounts at the bank.

The development of economic relations with the capitalist countries raises the question of the necessity of researching and studying in greater detail foreign banking practices in crediting foreign economic ties, the development of questions connected with the activity of joint companies in order of use or transfer of funds to the USSR, with setting up daily supervision of association activity, with reviewing currency-financial and tax laws. Researching this topic and actualizing the results of that research is, in our view, a practical response to the General Secretary of the CPSU Central Committee and Chairman of the Supreme Soviet Presidium, Comrade L. I. Brezhnev,

who instructed at the November (1978) CPSU Central Committee Plenum that "the creative efforts of the people be mobilized even more fully, that new reserves for economic growth be sought and brought into play," stressing the necessity for a thorough, multifaceted analysis of the main problems of the national economy from positions of further increasing its efficiency, improving work quality in all areas of the national economy and heightening the personal responsibility of both leaders and those performing work on the spot for what they do.

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USSR-CEMA TRADE

STATISTICS ON THE CEMA TRANSPORT FLEET

Moscow MORSKOY FLOT in Russian No 1, 1980 pp 44-45

[Article: "The Transport Fleet of the CEMA Countries"]

[Text] The Ship Chartering Coordination Bureau of the Council of Economic Mutual Assistance published in 1979 its regular collection of figures on the maritime transport fleet of the CEMA countries (with the exception of Vietnam) as of 31 December 1978. The publication is based on information received from maritime shipping lines in Bulgaria, Hungary, East Germany, Cuba, Poland, Romania, USSR, and Czechoslovakia. It contains information on the cargo-carrying maritime transport fleet only and includes ships with gross tonnage of 100 register tons and more (not counting transport vessels in the service of fishing and passenger vessels).

Table 1 below shows that the transport of the CEMA countries in 1978 had a total deadweight of about 29.6 million tons and a gross tonnage of 20.2 million register tons.

Table 1. Types of Marine Transport Vessels in the Fleet of the CEMA Countries.

Types of Vessels	Number of Ships	Gross Tonnage, reg. tons	Deadweight, Tons
Cargo-Carrying Fleet — Total	2,590	20,189,584	29,621,958
Included in Total:			
Combined Vessels for Bulk Dry and Fluid Cargoes (Bulkers-Tankers)	10	459,163	783,853
Tankers	390	5,859,441	9,404,681

(Table continued on next page)

(Table 1 continued)

Types of Vessels	Number of Ships	Gross Tonnage, reg. tons	Deadweight, Tons
Included in Above:			
For Liquefied Gas	9	62,627	63,704
Ships for Chemicals	4	27,838	39,041
Dry-Cargo Ships	2,190	13,870,980	19,433,422
Included in Above:			
Bulkers	307	3,979,043	6,242,079
Refrigerator Ships	48	237,969	241,334
Container Ships	95	544,377	625,958
Ships with Horizontal Loading (ROBO)	36	181,497	228,880
Sea Ferries	30	143,556	84,426
Lighter Carriers	1	35,300	36,600

According to figures from the Lloyds Register (MORSKOY FLOT No 5, 1979), the total gross tonnage of the world merchant fleet in 1978 was 406,200,000 register tons, of which 26,238,000 register tons was vessels not participating in merchant shipping. Thus, the gross tonnage of the transport fleet of the CEMA countries was about 5.3 percent of the world transport fleet. The CEMA countries had 3.2 percent of the tankers (including ships to transport liquefied gas and liquid chemicals) and about 1.7 percent of the combined vessels (bulker-tankers). The CEMA countries accounted for roughly eight percent of the gross tonnage of the world dry-cargo fleet. However, the share of dry-cargo ships operating on lines (container ships, ferries, ROBO ships, and lighter carriers) was significantly lower, 5.1 percent. The fleet of the CEMA countries was developing on a planned basis, according to which the paramount goals were to satisfy their own domestic and foreign trade shipping needs. A significant part of foreign trade involves maritime shipment among the socialist countries.

The maritime transport fleet of the CEMA countries grew particularly fast in the 1960's. Since the early 1970's the socialist countries

have devoted considerable attention to improving the qualitative structures of the transport fleet, saturating it with highly productive specialized ships, and having vessels of the appropriate types for the needs of their national economies and foreign trade. The planning principle in development of the maritime transport of the CEMA countries enabled them to avoid overproduction of tonnage and the repercussions of the crisis in world shipping that developed in the mid-1970's. Table 2 (next page) represents the share of each particular country in the deadweight of the transport fleet of the CEMA countries and the rate of growth in deadweight. Between 1970 and 1978 the deadweight of the transport fleet of the CEMA countries increased by 13 million tons.

Among the CEMA countries the Romanian fleet has grown most rapidly in recent years, almost doubling its deadweight between 1975 and 1978. Hungary, Cuba, and Bulgaria have also increased the tonnage of their fleets rapidly. The deadweight of the USSR transport fleet increased from 11.9 million tons in 1970 to 18.4 in 1978.

Table 3 below shows the composition of the Soviet transport fleet by type of vessel, number of ships, deadweight, and gross tonnage as of 1 January 1979. According to figures from the USSR Register (published in MORSKOY FLOT No 5, 1979), the gross tonnage of all Soviet maritime vessels (100 register tons and larger) at this time was 21,257,376 register tons. Therefore, the cargo-carrying transport fleet constitutes 6.5 percent of the gross tonnage of the entire USSR maritime fleet.

It should be kept in mind that the figures published by the USSR Register do not single out transport ships serving the fishing fleet, passenger ships, and certain other kinds which the CEMA Ship Chartering Coordination Bureau does not include in its yearbooks, which are prepared on the basis of figures on the cargo-carrying fleet of maritime steamship lines of the USSR Ministry of the Maritime Fleet. For this reason, the number of ships and gross tonnage of the transport fleet according to the figures of the USSR Register as of 1 January 1979 (subtracting service-auxiliary, local operations, technical, and other special-purpose ships) differ slightly from the figures in Table 3. Thus, the gross tonnage of the entire transport fleet on record at the USSR Register is 13,235,958 registered tons and the number of ships is 2,966.

When analyzing statistical data on the world fleet it must be considered that there is a significant difference (6-7 percent) between the publications of the Lloyds Register concerning the gross tonnage of the Soviet maritime fleet and the figures of the USSR Register. Thus, according to the official figures of the USSR Register for 1 July 1978 (MORSKOY FLOT No 10, 1978), the gross tonnage of the USSR maritime fleet was 20,826,000 registered tons, whereas the publications of the Lloyds Register gives the figure as 22,262,000 registered tons. In

Table 2. Deadweight of the Transport Fleets of CEMA Members in 1970-1978 (in thousands of tons)

Countries	1978				1978				1978				Share of All CEMAs	Growth in Deadweight, 1975-78 as % of 1975 tons
	1978		1978		1978		1978							
	Total	Dry Cargo	Tankers	Total	Dry Cargo	Tankers	Total	Dry Cargo	Tankers					
Soviet Union	11,930	7,330	4,600	14,998	9,958	5,040	18,418	11,633	6,785	62.2	3,420	22.8		
Bulgaria	937	680	257	1,163	717	446	1,456	942	514	4.9	293	25.2		
Hungary	36	36	-	72	72	-	111	111	-	0.4	39	54.1		
East Germany	1,321	1,033	288	1,793	1,271	522	1,857	1,431	426	6.3	64	3.6		
Cuba	-	-	-	558	495	63	903	810	93	3.0	345	61.8		
Poland	1,787	1,707	80	3,876	2,864	1,012	4,290	3,309	981	14.5	414	10.7		
Romania	508	398	110	1,213	771	442	2,354	1,748	606	7.9	1,141	44.0		
Czechoslovakia	137	137	-	224	224	-	233	233	-	0.8	9	4.0		

* Includes combined ships (bulker-tankers).

** Share of the total deadweight of the fleet of the CEMA countries, in percentages.

Table 3. Types of Vessels of the USSR Maritime Transport Fleet

Types of Vessels	Number of Ships	Gross Tonnage, reg. tons	Deadweight, tons
Cargo-Carrying Fleet — Total	1,701	12,859,460	18,417,851
Included in Total:			
Combined Vessels for Bulk Dry and Fluid Cargoes (Bulkers-Tankers)	7	404,353	698,478
Tankers	331	4,375,711	6,784,663
Included in Above			
For Liquefied Gas	8	61,328	61,929
Ships for Chemicals	-	-	-
Dry-Cargo Ships	1,363	8,079,396	10,934,710
Included in Above:			
Bulkers	100	1,127,488	1,755,538
Refrigerator Ships	31	166,261	153,238
Container Ships	56	382,738	412,934
Ships with Horizontal Loading (ROBO)	30	166,348	204,428
Sea Ferries	18	83,716	48,817
Lighter Carriers	1	35,300	36,600

other words, the gross tonnage of the Soviet maritime fleet is overstated by 1.4 million register tons.

The yearbook of the CEMA Ship Chartering Coordination Bureau gives detailed figures on the composition of the fleets of all steamship lines. In the Soviet Union the fleet of the Novorossiysk Steamship Line has the greatest deadweight, exceeding 5.2 million tons (see Table 4); about 600,000 of this is bulker-tankers and the remainder is tankers. The largest dry-cargo navigation enterprises in the USSR are the

Table 4. Distribution of the Cargo-Carrying Transport Fleet by USSR Maritime Steamship Lines

Line	Entire Fleet			Tanker Fleet			Dry-Cargo Fleet			Bulk- Tankers	
	A	B	C	A	B	C	A	B	C	A	B
Azov	123	547,259	723,201	1	1,754	1,660	122	545,505	721,541	-	-
Baltic	160	1,088,484	1,536,812	-	-	-	160	1,088,484	1,536,812	-	-
Georgian	42	525,224	894,378	41	322,436	473,045	11	202,788	321,333	-	-
Far East	250	1,534,920	1,944,289	-	-	-	250	1,534,920	1,994,289	-	-
Kamchatka	52	162,551	191,332	4	6,595	6,324	48	155,956	185,008	-	-
Caspian	72	298,286	339,776	37	160,351	204,550	35	137,935	135,226	-	-
Latvian	105	837,790	1,138,817	59	664,425	956,483	46	173,365	182,334	-	-
Lithuanian	37	123,145	157,241	-	-	-	37	123,145	157,241	-	-
Murmansk	58	370,357	521,865	-	-	-	58	370,357	521,865	-	-
Novorossiysk	137	3,216,089	5,249,801	131	2,849,528	4,615,656	-	-	-	6	366,561
Primorskiy	56	367,258	523,625	56	367,258	523,625	-	-	-	-	-
Sakhalin	72	278,497	334,876	-	-	-	72	278,497	334,876	-	-
Northern	146	570,602	802,488	2	3,364	3,320	144	567,238	799,168	-	-
Soviet Danube	61	199,549	236,314	-	-	-	61	199,549	236,314	-	-
Black Sea	234	2,500,967	3,577,853	-	-	-	233	2,463,175	3,513,520	1	37,792
Estonian	86	238,482	295,183	-	-	-	86	238,482	295,183	-	-
Total	1,701	12,859,460	18,417,851	331	4,375,711	6,784,663	1363	8,079,396	10,934,710	7	404,353

A = Number of Ships

B = Gross Tonnage, register tons

C = Deadweight, tons

Black Sea and Far Eastern Steamship Lines, which account for about 5.5 million tons of deadweight. In all the Soviet transport fleet at the start of 1979 had 1,701 ships with a total deadweight of 18.4 million tons and gross tonnage of 12.9 million register tons. It is first among the fleets of the CEMA countries and accounts for 62.2 percent of their total tonnage in terms of deadweight.

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TRADE WITH INDUSTRIALIZED COUNTRIES

TRADE WITH DEVELOPED CAPITALIST COUNTRIES ANALYZED

Moscow EKONOMICHESKIYE NAUKI in Russian No 12, 1979 pp 75-78

[Article by D. Shirin, Candidate in Economic Sciences: "Economic Cooperation Between the Socialist and the Developed Capitalist Countries -- A Law of Contemporary Social Development"]

[Text] Speaking about the development of world economic cooperation during the transitional era from capitalism to socialism, V. I. Lenin wrote: "There is a force which is greater than the desire, will, and determination of any of the hostile governments or classes; this force is general world economic relations which compel them to take this path of dealings with us."¹ The history of world development during the entire time of the existence of socialism, that is, more than sixty years now, completely confirms the correctness of this proposition of Lenin's. This has been felt especially strongly during the 1970s when the world socialist system -- the leading force in contemporary progress -- became even stronger and more extensive. The present decade is characterized as a whole by a growth and strengthening of economic relations between the two world systems; at the same time, it must be recognized that forces of extreme reaction which oppose economic cooperation in the world and political and military detente are in operation in the imperialist states and are doing everything possible to become active and achieve dominion.

From 1970 through 1976 the commodity turnover of the USSR with the developed capitalist states increased by four times and reached 18.6 billion rubles, or 32.9 percent of the USSR's total foreign trade turnover in 1976.² At the same time, as a result of the efforts of zealous opponents of the development of Soviet-American relations, in the beginning of 1975 the United States Congress adopted trade and credit legislation which discriminates against the USSR in granting it a most favored nation status. This led to a sharp (by 62.7 percent³) decrease in 1977 in Soviet imports from the United States, particularly machinery and equipment, and became the basic reason for a slowing down of the growth of commodity turnover between the USSR and the capitalist countries which in 1977 came to 18.7 billion rubles and represented 29.6 percent of total USSR foreign trade.⁴ But an objective situation cannot be abolished

by subjective actions, no matter how powerful the forces which undertake them. For this reason there is every reason to believe that the negative tendency in Soviet-American trade will be overcome and that the upper hand will be taken here by a positive tendency which has clearly revealed itself in the economic relations of the USSR with many other capitalist states. The sixth conference of the Soviet-American Trade Council which took place in Moscow in December 1978 and the meeting between Comrade L. I. Brezhnev and the American Secretary of the Treasury M. Blumenthal and Secretary of Trade H. Krebs demonstrated that there are great possibilities for the development of Soviet-American trade.

At the 25th CPSU Congress a great deal of attention was devoted to the problems of a further expansion and improvement of economic cooperation with developed capitalist countries, a comprehensive evaluation was made of this important social process, and its purposes were pointed out. Today this kind of cooperation is a powerful means of eliminating political tensions and establishing mutual trust among countries. The formation of a solid and far flung system of long-term equal and mutually advantageous trade and scientific and technical relations between the socialist and the developed capitalist state create an economic guarantee for peace and the security of peoples.

Historically, the participation of individual countries in the international division of labor has been taking place under the influence of such objective factors as the existence of definite natural and labor resources and of an accumulated stock of scientific knowledge and technical experience. Pointing to the objective dependence of the process of the integration of the world economy upon the level of the technical development of the production base, K. Marx wrote: "Thanks to the use of machinery and steam the division of labor has taken on such dimensions that large industry, torn away from its national soil, now depends exclusively upon the world market and upon international exchange and the international division of labor."⁵ The achievements of the modern scientific and technological revolution -- the automation of production processes in the leading branches of industry, the computerization of production, the introduction of electronic computers in the management of production, the use of fundamentally new methods of working and welding materials, and others -- are powerful factors in strengthening the international position of labor.

Of especial interest in considering the tendencies, problems, and prospects of the economic cooperation between the socialist and the developed capitalist countries is an evaluation of its importance for each of the groups of countries and the discovery of the objective laws and factors which are accelerating its development. The socialist states are utilizing extensive cooperation with the developed capitalist countries and the advantages of the international division of labor to accomplish a

number of important economic tasks. First of all, this is necessary to speed up the growth of labor productivity and to improve production efficiency and output quality through the use of the latest machinery, equipment, production processes, and even patents which are bought in the developed capitalist countries. It goes without saying that these kinds of imports are expedient only in so far as the capitalist countries today still possess the best equipment or the best technology.

During the Ninth Five-Year Plan the Soviet Union imported from the developed capitalist countries a total amount of 28.9 billion rubles worth of machinery, equipment, and transportation equipment, or 86.6 percent more than during the preceding five-year plan.⁶ Of the total USSR imports from this group of countries in 1976 the proportion of machinery and equipment came to 40.2 percent.⁷

Secondly, it is necessary for an accelerated development of the natural resources of the socialist countries and of new economic regions. Since credit from the capitalist states can be used for these purposes on a compensation basis, the Soviet Union has concluded such agreements (on a compensation basis) with the companies in the FRG, France, Japan, the United States, Italy, and England for the construction in the USSR of more than 60 objects.⁸

Thirdly, to increase currency receipts through large-scale exports of finished products, industrial equipment, materials, raw materials, and fuel. The structure of exports from the socialist countries to the developed capitalist states is changing in the direction of an increase in the proportion of the output of the so-called "science intensive" branches and, above all, of machine building, which testifies to the increasing use of the achievements of scientific and technological progress in the socialist countries.

Fourthly, to economize expenditures for scientific research and development on the basis of scientific and technical cooperation and license trade with the capitalist countries and of participation in international scientific and technical organizations. Thus, the Soviet Union is cooperating with the scientific institutions of the developed capitalist countries on 600 scientific problems.⁹ The use of licenses during the period of a license agreement provides an economic effect which exceeds the expenditures for purchasing them by 10 times.¹⁰

The best testimony to the mutually advantageous nature of economic relations between the socialist and the developed capitalist countries is the facts. Thus, the annual commodity turnover between the CMEA countries and the developed capitalist states during the years 1950-1977 increased by more than 15 times and in 1977 came to 41.3 billion rubles.¹¹ In 1975 there were already more than 1,000 agreements on industrial

cooperation which had been concluded between the CEMA member states and western countries.¹²

Under present-day conditions the capitalist states are objectively interested in developing trade and economic relations with the socialist countries. This interest is the result of the action of a number of factors of an internal and external nature. The internal factors are connected above all with the fact that an increase in labor productivity in the developed capitalist countries as a result of using the achievements of the scientific and technological revolution is being accompanied by a decline or sharp slowing down of the growth of production, an increase in unemployment, the unfolding of currency, energy, and raw materials crises, and a worsening as a result of this of the position of the working masses, an increase in crime, and other social calamities. The capitalist states cannot but reckon with the fact that with the help of economic relations with the socialist states they will be able to a certain degree to dull the sharpness of all of these extremely negative phenomena by expanding the market for their exports and by importing needed output.

In particular, the role of the socialist countries as stable suppliers of many commodities is becoming stronger. An interest is growing in capitalist companies in importing machinery and equipment from the socialist countries. Thus, during the Ninth Five-Year Plan the value of the metal-cutting machine tools, equipment for atomic electric power stations, metallurgical and electrical engineering equipment, construction equipment, tractors, automobiles, ships, airplanes, and other types of machinery and output supplied to developed capitalist countries from the USSR increased by 3 times.¹³ At the same time, the CEMA countries are valuable markets for such branches of industry of the developed capitalist countries as metallurgy, machine tool building, chemical and petrochemical machine building, instrument making, and electronics. In addition, it should be emphasized that for certain large industrial associations and even branches in France, the FRG, and Italy exports of the latest modern equipment and technology to the CEMA countries has become in recent years a basic and frequently the only stimulus for their development. Thus, for example, the participation of their designers in the construction of motor vehicle plants in Tol'yatti, Izhevsk, and especially in Naberezhnyye Chelny was for the American, West German, Italian, and French companies a serious test of their production and scientific and technical potentials.

Given the stagnation in certain important branches of industry, for example, shipbuilding, machine tool construction, and rotor construction in Great Britain and of entire economic areas in a number of capitalist countries, their normal existence in the future is possible only through

the use of all of the potentialities of international economic cooperation and, first of all, with the socialist countries.

Special consideration should be given to the influence of trade and economic cooperation between the socialist and capitalist states on the situation of the workers in a developed capitalist country. "Most of all, the workers of the United States will gain from the development of economic cooperation between the United States and the USSR," wrote the well-known American economist V. Perlo. "They will get new jobs. The workers will be able from more advantageous positions to wage the struggle for their social rights, for an improvement of working conditions, for wage increases, and for an end to racial discrimination when the alleviation of international tensions will deprive the reactionaries of their main political weapon -- anti-communism." According to certain estimates, every billion dollars in exports from the United States to the Soviet Union is capable of ensuring employment of more than 60,000 American workers, while the total exports from the industrialized capitalist countries to the socialist countries provides work for at least 2 million people in the capitalist countries.¹⁵ The serious importance of this factor under conditions in which unemployment in the developed capitalist states has been at a very high level for a number of years is quite obvious.

The developed capitalist countries also extract an important advantage from scientific and technical cooperation with the socialist countries, particularly in such branches as metal-working, machine tool construction, electronics, energy units, aluminum production, the mining of minerals, and others.

The facts which have been cited here (and their number could be multiplied by many times) show very clearly that talk of a allegedly one-sided advantage (only for the socialist countries) of economic, commercial, and scientific and technical cooperation between the socialist and capitalist countries is nothing other than a propaganda myth which serves anti-communism and is made up by its ideologists.

The exacerbation of inter-imperialist contradictions which is becoming increasingly sharp as a result of the economic crisis is an internal factor which is objectively impelling the developed capitalist states to strive to expand cooperation with the socialist countries. The competitive struggle between the three basic centers of the world capitalist economy -- the United States, Japan, and the European Common Market -- and also within the latter is forcing the participants in this struggle to seek ways to make use of the favorable opportunities which are provided by economic cooperation between the two world systems.

Under these conditions, the interest in cooperating with the socialist countries by means of concluding large long-term trade and economic agreements for ten, fifteen, twenty, and more years is increasing for the competing capitalist powers and their groupings.¹⁶

The action of the external factors which are promoting the development of cooperation between the socialist and capitalist countries is the result, above all, of the new balance of power between socialism and capitalism on the world arena and the development of world socialism into the decisive factor in social development. The increased economic might and military potential of socialism and the international authority of the world socialist system have played a decisive role in the relaxation of international tensions and setting up trade and economic cooperation with the capitalist countries.

An important external factor with respect to the developed capitalist states is the new upsurge in the national liberation movement and the possibility for developing countries, by basing themselves on the support of the socialist commonwealth, to successfully oppose imperialist pressure and in struggling for their economic independence to obtain more just conditions for trade and economic relations with the capitalist countries.

The advantages of the international division of labor and of an exchange of the achievements of the scientific and technological revolution are being increasingly felt now both in the socialist and in the capitalist countries. Despite the efforts of the enemies of detente, the dimensions of economic cooperation between the socialist and developed capitalist countries are broadening from year to year and its enormous political and economic importance is becoming increasingly obvious to the peoples of the world.

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TRADE WITH INDUSTRIALIZED COUNTRIES

RUBLE EXCHANGE RATES WITH MAJOR WORLD CURRENCIES PUBLISHED

Moscow *Ekonomicheskaya Gazeta* in Russian No 6, 1980 p 12

[Article by Ye. Zolotorenko: "USSR State Bank Bulletin of Foreign Exchange Rates"]

[Text]

USSR STATE BANK

Bulletin of Foreign Exchange Rates

February 1980

Currency	Rate in Rubles
Australian dollars for 100	70.74
Austrian shillings for 100	5.13
Albanian lek for 100	18.00
Dinars of the Algerian People's Democratic Republic for 100	16.92
English pounds sterling for 100	144.90
Argentinian pesos for 1,000	.39
Afghan afghanis for 100	1.44
Belgian francs for 100	2.27
Burmese kyats for 100	9.41
Bulgarian levy for 100	78.92
Hungarian forins for 100	7.67
Dongs of the Socialist Republic of Vietnam for 100	80.60
Ghanian cedi for 1	.23
Guinean sylli for 100	3.47
DM marks for 100	40.50
FRG German marks for 100	36.86
Dutch guilders for 100	33.37
Czech drakmas for 100	1.69
Danish krona for 100	11.81
Egyptian pounds for 1	.91
Indian rupees for 100	8.01
Indonesian rupees for 1,000	1.03
Iraqi dinars for 1	2.17

[Table continued on next page]

(Table Continued)

Currency	Rate in Rubles
Iranian rials for 100	.91
Icelandic kroners for 100	.16
Spanish pesetas for 100	.97
Italian lire for 10,000	7.92
Dinars of the People's Democratic Republic of Yemen for 1	1.85
Rials of Yemen Arab Republic for 100	14.27
Canadian dollars for 100	54.88
Yuan of the Chinese People's Republic for 100	42.17
Won of the Korean People's Democratic Republic for 100	74.93
Cuban pesos for 1	.90
Kuwait dinars for 1	2.33
Lebanese pounds for 100	19.66
Libian dinars for 1	2.19
Malaysian Ringgits for 100	29.58
Mali francs for 1,000	1.58
Moroccan dirhams for 100	17.45
Mexican pesos for 100	2.80
Mongolian tugriks for 100	22.50
Nepalese rupees for 100	5.33
New Zealand dollars for 100	62.54
Norwegian kroners for 100	13.04
Pakistani rupees for 100	6.61
Polish zlotys for 100	22.50
Portuguese escudos for 100	1.29
Romanian lei for 100	15.00
Singapore dollars for 100	29.62
Syrian pounds for 100	16.66
Somali shillings for 100	10.50
United States dollars for 100	63.93
Sudanese pounds for 1	1.30
Tunisian dinars for 1	1.63
Turkish lire for 100	.91
Uruguayan pesos for 100	7.58
Finnish marks for 100	17.22
French francs for 100	15.75
Czechoslovakian kronas for 100	12.50
Swedish kroners for 100	15.39
Swiss francs for 100	39.59
Sri Lanka rupees for 100	4.18
Ethiopian birrs for 100	31.26
Yugoslavian dinars for 100	3.35
Japanese yen for 1,000	2.67

Our Commentary

Goebank has changed the exchange rate for 20 foreign currencies: The rate has been lowered for Austrian and Somali shillings, Argentine pesos, Belgian, French, and Swiss francs, Burmese kyats, Ghana cedis, FRG German marks, Dutch guilders, Danish kroner, Spanish pesetas, Italian and Turkish lire, dinars of the People's Democratic Republic of Yemen, New Zealand dollars, and Japanese yen; the exchange rate has been raised for the pound sterling, the Canadian dollar, and Norwegian kroner.

The lowering of the exchange rates for a number of currencies was the consequence of the continuing increase in petroleum prices. For the first time in 15 years the FRG balance of payments ended with a debit, which fostered a certain decrease in the exchange rate of the mark.

At the same time, the exchange rate of the pound sterling was raised, despite the debit in England's balance of payments. The main reasons for this are: the highest interest rates among the industrial capitalist countries and the high level of England's own petroleum resources. Under pressure from the International Currency Fund, Turkey carried out a devaluation of its currency by 33 percent.

In recent weeks the rate of the American dollar has remained at its previous level as a consequence of the restrictions on operations on the currency markets resulting from the continuing American-Iranian conflict, the high interest rates in the United States, and also a number of measures undertaken by the central banks of the largest capitalist countries.

Fluctuations in the price of gold were especially sharp in January -- from U.S. \$515 for an ounce at the end of December to U.S. \$830 on 21 January and U.S. \$700 at the end of January. This was a consequence of the exacerbation of the international situation caused by the actions of American imperialism, and also the strong influence on prices which is being exercised by speculative operations with gold on the United States market.

1979

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TRADE WITH INDUSTRIALIZED COUNTRIES

DUTCH BANK RECEIVES ACCREDITATION IN MOSCOW

Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 21 Dec 79 p 3

[Article Yu. Maksimov: "A Dutch Bank in Moscow"]

[Text] The family of foreign commercial banks which have been accredited in Moscow has been joined by another financial institution: a branch of the "Amsterdam-Rotterdambank N.V." ("Amro Bank") has been opened.

The work of the branch of the "Amro Bank" in Moscow, a member of the bank's board of executive directors Kh. G. Advokaat said in a conversation, will be directed toward providing assistance to Dutch companies in establishing contacts with Soviet organizations. The branch will also strengthen its contacts in banking circles and seek possibilities for deepening relations between Holland and the USSR in the trade and industrial fields.

"Amro Bank" which is the largest commercial and investment bank in Holland is playing a very important role in the development of commercial cooperation between Holland and the Soviet Union. According to its Moscow representative (Ye. Kheslenfel'd) [?J. Gestenveld], almost 60 percent of the commodity turnover between Holland and the USSR passes through this bank. More and more Dutch companies want to trade with the Soviet Union, says (Ye. Kheslenfel'd). Since they do not have their own offices in Moscow, many of them will be able to turn to the assistance of the "Amro Bank."

Let us emphasize in this connection that commercial relations between the USSR and Holland are developing at an increasing pace. A ten-year agreement on the development of economic, industrial, and technical cooperation is being successfully fulfilled.

In 1978 commodity turnover between the two countries exceeded 460 million rubles, and moreover, Soviet exports amounted to 300 million rubles. A considerable part of this amount is accounted for by petroleum products. The Dutch are also buyers of automobiles, chemical products, timber materials, cotton, and precious stones. In its turn, Holland supplies

the Soviet Union with chemical products and also various machines and equipment for the motor vehicle, the food, and the chemical industries and equipment for field work and cropping.

However, the potentialities of Soviet-Dutch cooperation have not yet been fully used. Such an auspicious and mutually advantageous form of commercial partnership as compensation deals is having a difficult time making a way for itself. Frequently protectionist barriers block Soviet goods for Holland.

Nevertheless, in the opinion of the leaders of the "Amro Bank" there are good prospects for Soviet-Dutch trade and economic relations. In our work, says (Ye. Kheslenfel'd) we have to reckon with long periods and we are prepared to join in the development of new Dutch-Soviet cooperation projects.

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TRADE WITH INDUSTRIALIZED COUNTRIES

INSURANCE FOR MOSCOW OLYMPIC ATHLETES, VISITORS

Moscow FINANSY SSSR in Russian No 2, Feb 80 pp 15-16

[Article: "The 22nd Olympic Games and Insurance"]

[Text] The 22nd Olympic Games in Moscow in 1980 constitute a great international event. To prepare for and to conduct the games in Moscow we have set up and there is now in operation the organizational committee [Orgkomitet] of Olympiad-80. It has generalized the operation of the economic program of the previous Olympic games in all its aspects, including the subject of insurance.

According to the available data, 2,6888 million FRG marks were spent for insurance in the Olympic Games in Munich and 911,400 Canadian dollars for the games in Montreal. The substantial reduction of expenditures in Montreal is due to a number of reasons, including the fact that the organizational committee in Montreal refused to issue insurance on medical costs because of the high rates for this type of insurance.

When the Olympic Games are held in Moscow the medical service will be free for participants, guests and the people accompanying them. Coming to the Olympic Games in 1980 will be athletes, their escorts, official representatives of the NOK [International Olympic Committee], the MSF [International Photographic Service] and the mass information media, judges and honored guests. The total number of these comes to nearly 28,000 persons. The world sports festival will be conducted not only in the capital of the Soviet Union but also in such splendid cities as Tallin (sailing regatta), Leningrad, Kiev and Minsk (preliminary soccer tournaments).

In the course of the games there may be cases of injury sustained by foreign persons or damage to their property in connection with the official arrangements for the Olympic Games. We are faced with the problem of how to protect ourselves from unforeseen expenses in the event that we become subject to actual liability. There are two ways to proceed. First, the Orgkomitet must be able to pay the claim made by the victims. The second way is to conclude a contract which requires an outlay for payment of an insurance premium.

(payments). What practical advantages does the Orgkomitet of Olympiad-80 derive from the insurance contract?

The successful conduct of the Olympic Games requires efficient and well-coordinated work on the part of the Orgkomitet apparatus. Hence, the organization of the entire process entails continuous operation of the Olympic "machine." The conclusion of insurance contracts enables the Orgkomitet to attend to its functions without the burden of reviewing and resolving all possible claims and payments connected with them. It also creates an atmosphere of mutual understanding between the Orgkomitet and the foreign participants in the games and the visitors attending the various competitions.

The Orgkomitet of Olympiad-80, which includes various projects of the economic program, has also prepared a system of insurance for the participants, officials and guests as well as the athletic equipment. In line with this and in the interests of the foreign firms, companies and tourists, the Orgkomitet in 1977 assigned the Insurance Joint-Stock Company of the USSR (Ingosstrakh) as the general insurer and concluded an agreement with it for cooperation with respect to insurance matters in the period of the preparation for and conduct of the Olympiad; this also includes the post-Olympic period.

The agreement stipulates that in the period of preparation for and conduct and winding up of the games the insurer is obligated to take the following measures: organize clear-cut expeditious insurance to cover all the risks of both the Orgkomitet and all the concerned organizations, firms and individuals; provide the Orgkomitet and other insurers with competent advice on insurance problems; carry out expeditious adjustment of all possible claims pertaining to insured risks as per the terms of the policies.

The Insurance Joint-Stock Company of the USSR operates both in the territory of the USSR and beyond its borders, cooperating with many of the world's insurance and reinsurance companies; it is widely known in the international arena. Ingosstrakh will for the first time handle matters pertaining to insurance at the Olympic Games and this will be done with due regard for the experience of the insurance companies in the countries which have held Olympics.

To protect the interests of the Orgkomitet of Olympiad-80 and to protect the personal and financial interests of foreign citizens while the various kinds of competitions and arrangements for the games are in progress, the Orgkomitet is providing for the conclusion in Ingosstrakh of an insurance contract defining its civil responsibility with respect to third parties (foreigners). This insurance will be negotiated in foreign currency. As the insurer, Ingosstrakh will bear responsibility within the limit amounts stipulated among the parties.

In accordance with the insurance regulations, Ingosstrakh compensates third parties (or the insured) in the amounts which the insurer must pay for

injuries suffered by third parties as a result of the activity indicated in the insurance contract (permanent full or partial disablement or death; damage to or destruction of property--through the fault of the insurer). The insurance compensation is paid in these cases also within the limits established by the laws of the country but not above the limit of responsibility indicated in the insurance contract.

As for the Orgkomitet's responsibility to the foreign games participants, officials, guests and press representatives, the insurance will cover not only all the types of competition but also the time of their stay in the Olympic village and hotels, the time spent in transit on transport facilities (their own or rented), visits to theaters, exhibitions and other cultural activities in accordance with the official program, time spent in dining places, and the time of operation of motor vehicle parking lots used by the insurant.

The Orgkomitet also makes provision for insuring foreign games participants, officials and guests against accidents (death and full or partial disablement). The general insurer--Ingosstrakh--has taken on the role of sponsor for the Orgkomitet of Olympiad-80 and has gone on record as ready to provide free insurance against accidents for all the representatives of the press. The Orgkomitet has given full approval for this. The reporters of the television and radio networks will be insured by the companies at their own expense. According to the terms of the insurance covering accidents, the responsibility of the insurer applies in the event of an unforeseen accident: death, injury, mutilation or illness of the victim, resulting in the onset of permanent or temporary, partial or full disablement. The insurance amount paid to the insured is determined by the Orgkomitet.

According to the charter of the International Olympic Committee (MOK), the national teams of the Olympic participants are obliged to insure the athletes against accidents and also to assume civil responsibility on behalf of the team members in respect to third parties. A number of national Olympic committees, federations and associations will conclude insurance contracts with the general insurer for the 22nd Olympic Games--the Insurance Joint-Stock Company of the USSR--and others with their own insurers.

The Orgkomitet of Olympiad-80 is working to obtain insurance participation on the part of the firms and companies with which the Orgkomitet cooperates.

When they cross the borders, foreign tourists can apply to the offices of Ingosstrakh (or later to the main office of Ingosstrakh in Moscow) to insure their personal property against fire and other hazards and also to conclude a contract to cover accidents (with the policy to be effective both in the USSR and beyond its borders). Tourists in motor vehicles can conclude an insurance contract to cover the transport means and civil responsibility in cases involving third parties (Soviet and foreign citizens) and resulting from the use of motor transport. Ingosstrakh is to have unlimited responsibility in these cases.

TRADE WITH INDUSTRIALIZED COUNTRIES

DATA ON CRUDE OIL EXPORTS FOR 1977-1978 CITED

Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 9 Feb 80 p 9

[Text] Soviet Exports of Crude Oil and Petroleum Products for 1977-1978
(Data in thousands of rubles)

<u>Exports to Western Industrialized Countries</u>	<u>1977</u>	<u>1978</u>
Italy	744,362	735,555
Finland	715,648	677,682
FRG	683,216	640,698
France	390,613	427,547
Great Britain	338,957	309,683
Sweden	192,019	237,337
Netherlands	268,300	197,855
Greece	207,636	161,278
Denmark	159,973	159,183
Belgium	146,330	150,981
Switzerland	76,577	138,449
Austria	147,712	130,435
Spain	120,745	84,941
Japan	62,653	73,737
Norway	54,528	47,184
Iceland	37,609	36,307
Ireland	21,265	23,823
Cyprus	13,207	12,749
 <u>Exports to "Socialist Countries"</u>	 <u>1977</u>	 <u>1978</u>
Poland	802,371	961,789
Czechoslovakia	741,483	912,803
DDR	698,588	894,466
Bulgaria	597,398	751,021
Hungary	502,803	635,867
Cuba	375,244	490,713
UPRK	47,237	56,768
Mongolia	34,996	44,690
Vietnam	27,795	28,035

Exports to Nonaligned and Other Countries

	<u>1977</u>	<u>1978</u>
Yugoslavia	343,455	370,568
India	191,035	220,097
Morocco	47,468	44,599
Afghanistan	18,635	23,436
Guinea	8,369	8,840
Ghana	10,914	2,801

CSO: 1026

TRADE WITH INDUSTRIALIZED COUNTRIES

BRIEFS

U.S.-JAPANESE CONSORTIUM--The U.S. firm Armco Steel and the Japanese firm Nippon Steel are heading up a consortium which will supply equipment for a new Soviet steel mill which will produce steel for electric motors. A contract signed by both firms with the Moscow Central Office of Metal-lurgimport stipulates deliveries valued at \$353 million. The U.S. firm General Electric and the Japanese firm Mitsubishi Electric and Hitachi belong to the consortium as the most important subcontractors. The American contribution to total deliveries is nearly 25 percent but, as is known, this would have been substantially greater if there were no trade and credit restrictions. The new steel mill will be built in Novolipetsk and will be among the largest projects of its kind. Every year it will produce 480,000 tons of steel for electric motors as well as cold rolled electrotechnical steel for electric motors and generators. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 2 Feb 80 p 9]

LARGE FORGING COMPLEX--Currently the largest forging complex in the Soviet Union is undergoing test runs at the Soviet Electric Machine Building Plant in Belgorod. This complex is equipped with aggregates from Great Britain and the FRG. Along with a giant power press, which develops a pressure of 8,000 megaponds per cubic centimeter, additional high performance furnaces are part of the complex, in which more than 100 tons of metal a day will be treated. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 9 Feb 80 p 7]

SOVIET-BELGIAN AGREEMENT--The Belgian firms Union Miniere [Mining Association], Metallurgie Hoboken-Overpelt, Societe Anonyme des Usines a Cuivre et a Zink de Liege [Liege Copper and Zink Works, Ltd.], Societe des Mines et Fonderies de Zink de la Vieille-Montagne [Vieille-Montagne Zink Mining and Smelting Association] and Mechim have concluded a 5-year agreement with the Soviet State Committee for Science and Technology and with the Soviet Ministry of Nonferrous Metallurgy. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 14 Feb 80 p 7]

FRG-SUPPLIED EQUIPMENT--The Moscow Central Office of Avtopromimport has ordered from the West German firm Carl Schenck a hydraulic unit with six channels, based on the pulsation principle, as well as a hydraulic pulse device operating at 160 kHz and valued at R500,000, with delivery slated for September. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 14 Feb 80 p 7]

ITALIAN DELIVERIES--Last year the Italian firms Rotelli, Riordo Miroglio and Samit supplied industrial consumer goods totaling 3.6 billion lire to the Soviet Union, including 100,000 pairs of jeans for 900 million lire from Riorda. In the future, 285,000 polyurethane [shoe] soles, 1.2 million meters of textiles and 25,000 square meters of carpeting will be supplied. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 14 Feb 80 p 7]

INTERNATIONAL TRADE EXHIBITIONS--From 10-19 September an international trade exhibition called AVTODORMASH will be held in the Kazakh capital of Alma-Ata. It will feature machines and equipment for building and maintaining highways. In the Azerbaijani capital of Baku the international trade exhibition FOUNDATION LAYING '80 will be held. In Moscow the Soviet Ministry of the Electronics Industry, in cooperation with the ExpoCenter Association, is organizing an international trade exhibition called ELECTRONICS TECHNOLOGY '80 for 15-24 October. Exhibitions on this last theme were already held in Moscow in 1972 and 1977. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 14 Feb 80 p 8]

FRG TECHNOLOGY--In January 1981 the West German firm of Carl Schenck will supply the Soviet Union with a testing unit which includes three test stands. The unit is controlled by a computer system, which includes a central and additional on-line minicomputers. The equipment will be installed in an engine factory in the Trans-Volga region. A contract concluded with the Moscow Central Office of Avtopromimport comes to more than R600,000. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 22 Feb 80 p 8]

AGRICULTURAL MACHINERY--The West German firm Behrens AG will supply the Soviet Union with metalworking machines which are designed for making parts for tractors and other agricultural machinery. Among other things these include aggregates for punching and stamping openings in sheet steel. The deliveries agreed upon with the Moscow Central Office of Stankoimport are valued at DM4.5 million. In 1980 machines like these will be supplied for DM2 million. In 1981, under contract to the Moscow Central Office of Stankoimport, the U.S. firm of Anocut in Chicago will supply another series of spark units for machining component parts for tractors for \$1.5 million. Delivery of these types of units had already been agreed on for 1979-1980 for \$1.44 million. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 22 Feb 80 p 8]

FINNISH PAPER PRODUCTS--Finnpap, the umbrella association of Finnish paper plants, will supply the Soviet Union with 300,000 tons of paper this year valued at R145 million. This is the largest order which Finnpap has been awarded up to now by the Moscow Central Office of Eksportles. Additional orders for an extra R30 million are possible. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 29 Feb 80 p 7]

FRENCH TRADE--The firm Sofracop, which represents the interests of 22 French and several additional West European ventures, is currently in Moscow negotiating for participation in the construction of industrial enterprises, including a mill for glass packing material. The firm BSN-Hanrez, which is participating in the negotiations, has already sponsored a symposium for Soviet specialists on the establishment of such a mill. Through Sofracop mediation last year, the French firm Logabax concluded a contract for supplying control systems to the Soviet Union based on minicomputers and valued at more than 2.5 million francs. An additional contract provides for deliveries of electronic equipment as well as monitoring and measuring instruments for 5 million francs through the French firm Schlumberger-Enertec. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 29 Feb 80 p 8]

JAPANESE TECHNOLOGY--The Japanese firm C. Itoh Co. Ltd. will supply on contract to the Moscow Central Office of Avtopromimport automotive body welding equipment with 22 welding robots for the Volzhskiy Automotive Plant which, according to the contract, will assist in developing and manufacturing equipment on a pro-rated basis. The deliveries, whose value is fixed at R2.4 million, will be completed in the first quarter of 1981. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 29 Feb 80 p 9]

ITALIAN FIRM'S CONTRACT--The Italian firm Montedison is negotiating with the Moscow Central Office of Foreign Trade on the conclusion of a second general agreement which will run until 1995. Within its framework additional large chemical plants will be supplied to the Soviet Union on a compensation basis against payment from the future full production of this project. The total value of the bilateral deliveries is estimated at \$1.5 million. Montedison concluded its first general agreement with the Moscow authorities in 1973. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 29 Feb 80 p 9]

OFFSHORE DRILLING PLATFORMS--Since last year the Japanese trading company Mitsubishi Corporation has been conducting negotiations with the Moscow Central Office of Sudoinport on the delivery of Japanese equipment for the first stage of construction of the "Baku" enterprise, which in the future will manufacture offshore drilling platforms. After the contract is signed, delivery is scheduled to begin at the end of March or the beginning of April. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 29 Feb 80 p 7]

BRITISH COMMUNICATIONS EQUIPMENT--The British firm Plessey is negotiating with the Soviet Ministry of the Communications Equipment Industry on eventually beginning production in the Soviet Union of electric record players and motors, previously under license to the Gerard firm. The delivery of equipment for central telephone exchanges serving 50 to 500 subscribers is being negotiated with the Soviet Ministry of Communications. On the basis of a contract signed last year, Plessey will supply to the Soviet Union part of the equipment for an assembly line for metal foil and condensers and will also supply knowhow. The contract is valued at 650,000 pounds sterling. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 29 Feb 80 p 7]

ROBOT ASSEMBLY LINE--The Moscow Central Office of Avtopromimport has ordered a complete robot assembly line from the Japanese firm C. Itoh Co., Ltd., to come from the output of the firm Kawasaki Heavy Industries, Ltd., and valued at R837,000. The delivery of the assembly line, which will go to the machine-building factory in Izhevsk, will occur in the first quarter of 1981. This is the first Japanese delivery of this type to the Soviet Union. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 29 Feb 80 p 7]

AUSTRIAN MACHINE TOOL--The Moscow Central Office of Avtopromimport has ordered a numerically controlled circular milling machine from the Austrian firm GMP, valued at R1.4 million and with delivery slated for November 1981. The set of machines can mill foundation trunnions and crankpins for crankshafts and machine loops. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 29 Feb 80 p 7]

FRG SUSPENSION CRANE--The Moscow Central Office of Mashinimport has contracted for a complete suspension crane system valued at DM50 million from Mannesmann Demag Mechanical Conveying and Handling. In particular, there are 37 special suspension cranes for loads of 25 and 40 tons. Seven sliding rails and numerous spurs will be added. The equipment, intended for a new Soviet engine works, will be delivered in November 1982. On the basis of a Soviet contract exceeding DM30 million, this year Moeller Engine Works, Ltd. will supply the Soviet Union with pneumatic and mechanical conveyor systems as well as packing and loading plants for chemical industry enterprises. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 7 Mar 80 p 6]

JAPANESE OBTAIN LICENSE--The Japanese firm Rase Industries has obtained a Soviet license for building fine cone crushers from the Moscow Central Office of Litsentsintorg. The crushers, intended for a closed cycle operation, replaces rod mills and perfecting engines and enables the elimination of the wet crushing process. Thus annealing and rotary drying kilns as well as complicated conveyor systems are unnecessary. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 7 Mar 80 p 6]

ITALIAN EQUIPMENT--The Italian state-owned firm Termi will deliver four direct-connected motor-driven pumps, each weighing 50 tons, to the Soviet Union; they are for atomic powerplants. This is the first time the Soviet Union has purchased this type of material abroad. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 7 Mar 80 p 6]

IRAN RECEIVES MATERIAL--Thus far Iranian firms have agreed to deliveries of rolled stock for R1.2 million this year with Moscow Vostokintorg (Eastern Trade). This includes various types of beams--round and square rods as well as wire rod. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 7 Mar 80 p 6]

DIAGNOSTIC INSTRUMENTS--Modern diagnostic instruments, including computers as well as laser and ultrasonic instruments, will be displayed at a specialized international exhibition, which will be held in Moscow from 26 August to 9 September. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 7 Mar 80 p 8]

RADIOACTIVE WASTE TREATMENT--The West German firm Werner and Pfleiderer held a symposium on the treatment of radioactive liquid waste from nuclear installations, particularly nuclear powerplants, for Soviet specialists in Moscow. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 7 Mar 80 p 8]

PRINTED CIRCUITS--The Moscow Central Office of Tekhnimport has contracted with the West German firm Chemcat Industries, Ltd. for the production of printed circuits for radios and television sets as well as for computer hardware. Delivery is scheduled for this year. The value of the contract was not reported. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 7 Mar 80 p 9]

SOVIET-TURKISH TRADE--In a trade protocol for 1980, the Soviet Union and Turkey have agreed to a \$600-million exchange of goods; this represents an increase of 40.5 percent. The trade balance will be equalized. Turkey will primarily supply minerals, tiles, agricultural products, textiles, ready-made clothing and cosmetics; it will receive crude oil, machinery, iron and steel products as well as roll paper. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 21 Mar 80 p 7]

USSR-PRC TRADE--This year the Soviet Union will supply black-and-white television sets with a total value of \$6.5 million to the People's Republic of China. In this connection an agreement has been reached between the responsible foreign trade departments. [Text] [Bonn DIE WIRTSCHAFT DES OSTBLOCKS in German 21 Mar 80 p 9]

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TRADE WITH LDC'S

GROWING TRADE BETWEEN ARGENTINA, USSR REVIEWED

Bonn DIE WELT in German 29-30 Mar 80 p 10

[Article by D. Mummedey: "Only Exploratory Talks"]

[Text] Moscow--Argentina, in trouble with the USA and the FRG over deliveries for atomic powerplants, is now studying the possibilities of nuclear cooperation with the Soviet Union. In return, Buenos Aires is evidently ready to become Moscow's main grain supplier in the future and thus jump into the gap that the American embargo has created.

A delegation led by Coll, secretary general of the Atomic Energy Commission, held talks in Moscow from Monday to last Friday with the responsible government and economic officials. Both sides stress that this represents only "exploratory" talks for creating contacts and exchanging information. Concrete projects were not discussed. The "ways for cooperation" are being sought.

The Soviet Union can supply Argentina with everything to make atomic power-[plants] completely operational, including the requisite uranium. Moscow is pushing through with the construction of a giant combined works for the mass production of nuclear powerplants, which will be operational starting in 1982, and which will satisfy domestic needs as well as be exchange-earning exports.

Up to now, aside from its East European allies, Moscow has only supplied atomic powerplants to Cuba, Finland and Libya. This signalled that it is ready to jump in anywhere--wherever the Western confusion over supply conditions has created gaps.

For some time Argentina has been "friendship candidate" No 1 in the Soviet efforts concerning South America. The connections between the two are said to be excellent.

While Moscow is conducting a running campaign against the repression of the Pinochet regime in Chile, human rights violations in Argentina are not mentioned in the Soviet press at all.

Ever since President Carter suspended arms shipments to Argentina because of objections to human rights violations in that country, Moscow has reportedly been trying hard to jump into the gap. Military delegations of both countries, each of which visited the other in Moscow and Buenos Aires, got along very well with one another.

Today the Soviet Union is Argentina's most important export customer. In 1979 it purchased grain from Argentina for \$250 million (DM478 million). Next year this country wants to treble the area sown to grain and is looking for buyers for it. Aside from grain, Moscow is also interested in obtaining fishing rights in Argentina's coastal waters, which abound with fish.

For their part the USSR exports to Argentina amount to only \$25 million. A big foreign exchange-earning order for atomic powerplants from Argentina would be all the more welcome.

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